

VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

VIRGINIA GAS AND OIL BOARD HEARING

Tuesday, May 16, 2017

Lebanon, Virginia

BOARD MEMBERS:

Bradley C. Lambert – Chairman

Bill Harris – Public Representative

Bruce Prather – Oil and Gas Industry Representative

Donnie Ratliff – Coal Industry Representative

Mary Quillen – Public Member

Rita Surratt – Public Member

APPEARANCES:

Mary Quillen—Public Member, Wise County

Rick Cooper—Director of the Division of Gas & Oil and
Principal Executive to the Staff of the Board

Paul Kugelman, Jr.—Senior Assistant Attorney General

Rita Surratt – Public Member, Dickenson County

Bill Harris – Public Member, Wise County

Butch Lambert – Chairman of the Virginia Gas & Oil Board

Donnie Ratliff – Coal Representative

Sarah Gilmer – Staff Member of the Division of Gas & Oil

Prepared by: Joanna Boyd

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Butch Lambert: Good morning ladies and gentlemen. It’s time now to begin our proceedings this morning. It’s after 9 o’clock. I’d like to remind you if you have cell phones or other communication devises, please turn those off or put them on vibrate. I’ll begin this morning by asking the Board to please introduce themselves and I’ll begin with Ms. Surratt.

Rita Surratt: I’m Rita Surratt; Public Member from Dickenson County.

Paul Kugelman, Jr.: Paul Kugelman with the Virginia Attorney General’s Office.

Butch Lambert: Butch Lambert with the Department of Mines, Minerals, and Energy.

Donnie Ratliff: Donnie Ratliff, representing coal.

Bill Harris: I’m Bill Harris, a Public Member from Wise County.

Mary Quillen: Mary Quillen, Public Member.

Item Number 1

Butch Lambert: Thank you. We’ll begin this morning with public comments and I see no one for public comments. We’ll go on to Docket Item Number 2.

Item Number 2

Butch Lambert: A petition from CNX Gas Company, LLC, for (1) the disbursement of escrowed funds heretofore deposited with the Board’s Escrow Agent, attributable to a portion of Tract 1E, as depicted upon the annexed table; and (2) authorization to begin paying royalties directly to the parties listed in the petition. Docket Number VGOB 98-0324-0628-06. All parties wishing to testify, please come forward.

Mark Swartz: Mark Swartz and Anita Duty.

Butch Lambert: Morning.

Mark Swartz: Morning.

Sarah Gilmer: Ms. Duty, do you swear and affirm your testimony is the truth, the whole truth, and nothing but the truth?

Anita Duty: Yes.

Mark Swartz: State your name for us please?

Anita Duty: Anita Duty.

Mark Swartz: Who do you work for?

1 **Anita Duty:** CNX Land, LLC.

2 **Mark Swartz:** And are you here on behalf of the petitioner, CNX Gas Company, LLC today?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** And this first item that we're on, Docket Item Number 2, pertains to drilling unit
5 X36, correct?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** And it is a request or petition for disbursement?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** And the factual basis for the request is that we have a gas claimant under the Act?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** And we have a conflicting coal claimant that you mailed to, that was previously
12 dismissed. Correct?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** And that was Hurt McGuire?

15 **Anita Duty:** It was.

16 **Mark Swartz:** Have you prepared a Table 1, for disbursement?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** And it pertains to one tract?

19 **Anita Duty:** Yes. Tract 1E.

20 **Mark Swartz:** And who is to receive the disbursement?

21 **Anita Duty:** Richard Wade.

22 **Mark Swartz:** Have you provided his address?

23 **Anita Duty:** Yes.

24 **Mark Swartz:** And you identified the wells that generated funds into the escrow account?

25 **Anita Duty:** Yes.

1 **Mark Swartz:** And, we have some kind of odd math there, in Table 1, don't we?

2 **Anita Duty:** Yes.

3 **Mark Swartz:** And we're not sure why?

4 **Anita Duty:** E-Forms.

5 **Mark Swartz:** E-Forms. We're blaming E-Forms.

6 **Anita Duty:** Yes.

7 **Mark Swartz:** Okay, but it doesn't really matter because this person gets 100 percent of the
8 amount?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** In escrow, the board order can still provide and there's an Exhibit E that shows
11 that once that 100 percent disbursement is made, or all the funds are disbursed, escrow is no
12 longer required?

13 **Anita Duty:** Correct.

14 **Mark Swartz:** And have you provided a going forward, Exhibit EE, that's modified as well?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** Okay, and we've got some discrepancies with Exhibit J, which I figure is why
17 we're here?

18 **Anita Duty:** It is.

19 **Mark Swartz:** And you highlighted those, as usual?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** There's quite a number of them. Did they generate all told a difference between
22 your calculations and estimated balance and the banks' balance, as of February 28, 2017. What
23 the difference?

24 **Anita Duty:** The bank has \$959.13 less than our calculation.

25 **Mark Swartz:** And, you went through and identified all of your royalty checks, correct?

26 **Anita Duty:** We did.

27 **Mark Swartz:** And then you went looking for deposits to try and balance that and were unable
28 to do so, and you highlighted all those instances?

1 **Anita Duty:** Correct.

2 **Mark Swartz:** You provided the prior notice that you gave to the coal owner, but as we've
3 indicated, they were dismissed at a prior hearing on this unit?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** That's all I have, Mr. Chairman.

6 **Butch Lambert:** Any questions from the Board? That little error that you talked about, I guess
7 that's the 100 percent plus?

8 **Mark Swartz:** Yes, and our internal calculation, our spreadsheet, we show it works to 100.
9 There must be some [inaudible] or attempt to round or do something weird in the [inaudible] but
10 in this case, it doesn't matter because it gets corrected to receive 100 percent.

11 **Butch Lambert:** Okay. Any other questions from the Board? Anything further, Mr. Swartz? Do
12 I have a motion?

13 **Donnie Ratliff:** Motion to approve, Mr. Chairman.

14 **Bill Harris:** Second.

15 **Butch Lambert:** I have a motion and I have a second. Any further discussion? All in favor,
16 signify by saying yes.

17 **Board:** Yes.

18 **Butch Lambert:** Opposed, no? [no response] Thank you, Mr. Swartz. That one is approved.

19 **Item Number 3**

20 **Butch Lambert:** A petition from CNX Gas Company, LLC, for (1) the disbursement of
21 escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tracts 2A &
22 3A, as depicted upon the annexed table; and (2) Dismissal of coal owners as listed in the petition.
23 Docket Number VGOB 00-0321-0781-05. All parties wishing to testify, please come forward.

24 **Mark Swartz:** Mark Swartz and Anita Duty.

25 **Butch Lambert:** You may proceed, Mr. Swartz.

26 **Mark Swartz:** Tell us your name again.

27 **Anita Duty:** Anita Duty.

28 **Mark Swartz:** And are you here on behalf of CNX Gas Company, LLC?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** And this is a petition that you signed, requesting a disbursement from escrow?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** Pertains to Unit R43?

5 **Anita Duty:** It does.

6 **Mark Swartz:** And you've provided the reason why you're making this request and it's the
7 second page of the petition and it indicates that Coal Mountain Mining Company is the gas
8 claimant under the Act, and is entitled to 100 percent of the CBM royalties, right?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** And you've given notice to the conflicting coal owners, as required by the
11 statute, and you got no response?

12 **Anita Duty:** Correct.

13 **Mark Swartz:** And you have attached certificates, with regard to the notice to Hurt McGuire and
14 Coal Mountain. Right?

15 **Anita Duty:** I believe so. Yes.

16 **Mark Swartz:** Let's turn to Table 1 then. This is a disbursement request that pertains to two
17 tracts; 2A...

18 **Anita Duty:** And 3A.

19 **Mark Swartz:** And 3A. And who is to receive the disbursements from those two tracts?

20 **Anita Duty:** Coal Mountain Mining, for both tracts.

21 **Mark Swartz:** And the address?

22 **Anita Duty:** Post office box 675, Tazewell, VA 24651.

23 **Mark Swartz:** And this is a percentage disbursement request, and with regard to 2A, what is the
24 percentage that the escrow agent should use to calculate the check amount?

25 **Anita Duty:** 24.5067%.

26 **Mark Swartz:** And with regard to 3A, what's the percentage the escrow agent should use?

27 **Anita Duty:** 11.2658%.

1 **Mark Swartz:** And those percentages should be applied to the balance on hand, at the time the
2 checks are cut, and that will generate the proper dollar amount? You provided revised Exhibits
3 E, with regard to continued escrow requirements and Exhibits EE, with regard to going forward
4 payments?

5 **Anita Duty:** Yes.

6 **Mark Swartz:** And obviously you are requesting that you be allowed to pay the company
7 receiving the disbursements on a going forward basis?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** I think again, we've got Exhibit J is the reason that we're here. It starts at Page 74
10 of the pdf. Did you go looking for every royalty check that your company issued?

11 **Anita Duty:** We did.

12 **Mark Swartz:** And did you look for corresponding deposits?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** And there were differences, correct?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** And have you highlighted those generally?

17 **Anita Duty:** We have.

18 **Mark Swartz:** And there are quite a few early on and then there are some at Page 75 for
19 example, you noticed some differences but then you also noticed that subsequent entries
20 accounted for them and you bracketed those?

21 **Anita Duty:** Correct.

22 **Mark Swartz:** And then we've got another one in 2013, there was an issue but it looks like it got
23 pretty close.

24 **Anita Duty:** Yes.

25 **Mark Swartz:** You calculated your estimate as to what the balance in escrow should be and
26 compared that to the January 2017 First Bank and Trust balance. Was there a difference?

27 **Anita Duty:** The bank is actually showing \$616.55 more.

28 **Mark Swartz:** Than your estimate?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** Okay, and then you have provided an affidavit, with regard to the mailing that's
3 required under the Act, to the coal claimants? Correct?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** And that, again, was James McGuire Land Trust and Coal Mountain Mining?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** [Inaudible] and the sample letter you sent to them?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** That's all I have, Mr. Chairman.

10 **Butch Lambert:** Any questions from the Board? Anything further, Mr. Swartz?

11 **Mark Swartz:** No.

12 **Butch Lambert:** Do I have a motion?

13 **Bill Harris:** Motion to approve.

14 **Donnie Ratliff:** Second, Mr. Chairman.

15 **Butch Lambert:** I have a motion and I have a second. Any further discussion? All in favor,
16 signify by saying yes.

17 **Board:** Yes.

18 **Butch Lambert:** Opposed, no? [no response] Thank you, Mr. Swartz. That one is approved.

19 **Item Number 4**

20 **Butch Lambert:** A petition from CNX Gas Company, LLC, for (1) the disbursement of
21 escrowed funds heretofore deposited with the Board's Escrow Agent, attributable to Tracts 2C,
22 2D, 2G, & 5, as depicted upon the annexed table; and (2) authorization to begin paying royalties
23 directly to the parties listed in the petition; and (3) Dismissal of Coal Owners listed in the
24 petition. Docket Number VGOB 07-1113-2083-02. All parties wishing to testify, please come
25 forward.

26 **Mark Swartz:** Mark Swartz and Anita Duty. Anita, could you state your name for us again?

27 **Anita Duty:** Anita Duty.

28 **Mark Swartz:** This is a petition that you signed, requesting a disbursement from escrow, right?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** Pertains to what unit?

3 **Anita Duty:** VP8SGU5.

4 **Mark Swartz:** And it is a request for disbursement and dismissal, and the ability to pay directly,
5 going forward. Right?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** The reasons for the request are what?

8 **Anita Duty:** We have royalty split agreements and the House Bill.

9 **Mark Swartz:** You prepared a Table 1, with regard to the proposed disbursements?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** That's at Page 12 of the pdf, and it pertains to several tracts, correct?

12 **Anita Duty:** It does.

13 **Mark Swartz:** Which tracts?

14 **Anita Duty:** 2C, 2D, 2G, and 5.

15 **Mark Swartz:** And this is a partial disbursement? There's still going to be escrow required,
16 going forward?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** With regard to each of the disbursements that you're requesting, have you given
19 the names of the people who are to receive the disbursements?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** And for each person identified, have you also provided their mailing address?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** And this is a percentage disbursement, right?

24 **Anita Duty:** It is.

25 **Mark Swartz:** And so, for each person, with regard to each tract, you have provided a
26 percentage that the escrow agent is to use to calculate the dollar amount when the disbursements
27 are made?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** And the percentage in the second column from the right-hand side of this table, is
3 the percentage the escrow agent should multiply times the balance in the escrow account on the
4 day that checks are cut?

5 **Anita Duty:** Yes.

6 **Mark Swartz:** And then with regard to some of the folks on the list, some of them we have some
7 affidavits toward the end, right?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** Tracy Jackson and Bobby Jackson have both requested that the checks be made
10 out to them, but mailed to Shae Cook. Right?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** And let's go back and look at Table 1. It looks like there's a, well, first of all, did
13 you identify all of the royalty checks that the operator cut?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** And then you went looking for deposits and you found deposits, but you found a
16 discrepancy in one of the deposits?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** Of, I guess, \$167.69?

19 **Anita Duty:** Yes. There was a typo. Looks like they transposed the numbers.

20 **Mark Swartz:** Okay, and then, which is corroborated by your calculation. Right?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** Okay. Did you try to estimate what your calculations would show as a balance?

23 **Anita Duty:** Yes.

24 **Mark Swartz:** And then, did you compare that to the February 2017 First Bank and Trust
25 balance?

26 **Anita Duty:** Yes.

27 **Mark Swartz:** And then when you did, what was the difference?

28 **Anita Duty:** The bank is showing \$14.31 more than our calculations.

1 **Mark Swartz:** And you've attached, as we've mentioned, the affidavit, which regard to payment
2 to Shea Cook. You also attached a copy of the split agreement? Right?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** And then we've got a letter from Ms. Hunt, or at least a note from Ms. Hunt.
5 Right? Page 40? Checked directly?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** Okay. We got Certification of Notice and back up for that, and the sample letter
8 to the coal owners. Correct?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** That's all I have, Mr. Chairman.

11 **Butch Lambert:** Any questions from the Board? [No response] Anything further, Mr. Swartz?

12 **Mark Swartz:** No.

13 **Butch Lambert:** Do I have a motion?

14 **Bill Harris:** Motion for approval.

15 **Butch Lambert:** Do I have a second?

16 **Donnie Ratliff:** Second, Mr. Chairman.

17 **Butch Lambert:** I have a motion and I have a second. Any further discussion? All in favor,
18 signify by saying yes.

19 **Board:** Yes.

20 **Butch Lambert:** Opposed, no? [No response]

21 **Butch Lambert:** Thank you, Mr. Swartz. That is approved.

22 **Mark Swartz:** Thank you.

23 **Item Number 5**

24 **Butch Lambert:** A petition from CNX Gas Company, LLC, for Pooling under Oakwood
25 Coalbed Methane Gas Field I. Docket Number VGOB 17-0516-4117. All parties wishing to
26 testify, please come forward.

27 **Mark Swartz:** Mark Swartz and Anita Duty.

1 **Butch Lambert:** You may proceed, Mr. Swartz.

2 **Mark Swartz:** Thank you. Anita, state your name for us again.

3 **Anita Duty:** Anita Duty.

4 **Mark Swartz:** Who do you work for?

5 **Anita Duty:** CNX Land, LLC.

6 **Mark Swartz:** And the applicant here is CNX Gas Company, LLC, right?

7 **Anita Duty:** It is.

8 **Mark Swartz:** And are you here on their behalf?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** And the applicant here, this is a pooling request, as opposed to disbursement.
11 Right?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** Okay, and what field?

14 **Anita Duty:** The Oakwood 1 Field.

15 **Mark Swartz:** Have you provided a plat map?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** And it shows that it's an 80-acre unit. Right?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** And, we're talking about two wells, I think one that you have a permit, and then a
20 location exception already and one that you don't?

21 **Anita Duty:** Correct.

22 **Mark Swartz:** And neither one of them are in the drilling window, correct?

23 **Anita Duty:** Yes.

24 **Mark Swartz:** They're both frack wells?

25 **Anita Duty:** Yes.

1 **Mark Swartz:** And why is it that they're located where they are?

2 **Anita Duty:** Due to active mining.

3 **Mark Swartz:** Okay. And with regard to the first request for location exception, which is on
4 Pages 11 and 12 of the pdf, that request actually shows some mining, with regard to the B40
5 location, correct?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** And so mining is what has driven the locations where you have them?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** And that mining, do you know what... let's see what seam it's in?

10 **Anita Duty:** Jawbone.

11 **Mark Swartz:** Jawbone and Red Ash?

12 **Anita Duty:** Correct.

13 **Mark Swartz:** Okay. Have you provided well cost estimates, with regard to both of the wells?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** And the amount of those estimates is what?

16 **Anita Duty:** For B40, the estimated cost is \$333,014.00; and for B40A \$343,195.00.

17 **Mark Swartz:** Have you identified all of the respondents in your application of notice?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** You don't want to dismiss any?

20 **Anita Duty:** No.

21 **Mark Swartz:** And you don't want to add any?

22 **Anita Duty:** No.

23 **Mark Swartz:** Okay. What did you do to tell the respondents there was going to be a hearing
24 today?

25 **Anita Duty:** We mailed by Certified Mail, Return Receipt Requested on April 13, 2017.
26 Published in the Bluefield Daily Telegraph on April 19, 2017.

1 **Mark Swartz:** The interest that an issue in this pooling application, is what percent?

2 **Anita Duty:** We have leased 82.85% of the oil and gas and seeking to pool 17.15%.

3 **Mark Swartz:** Is there an escrow requirement here?

4 **Anita Duty:** No.

5 **Mark Swartz:** There should be under the new poolings, right?

6 **Anita Duty:** Sometimes.

7 **Mark Swartz:** Rarely.

8 **Anita Duty:** If unknowns.

9 **Mark Swartz:** Only if unknowns? I'm sorry.

10 **Anita Duty:** Yes.

11 **Mark Swartz:** We don't have any unknowns here?

12 **Anita Duty:** No, we don't.

13 **Mark Swartz:** And the applicant here, CNX Gas Company, LLC, is also seeking, if the petition
14 is approved, to be the operator? Correct?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** And is CNX Gas Company a Virginia, Limited Liability Company?

17 **Anita Duty:** It is.

18 **Mark Swartz:** Is it authorized to do business in the Commonwealth?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** Does it have a blanket bond on file?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** Has it registered with the DMME and the DGO?

23 **Anita Duty:** Yes.

24 **Mark Swartz:** Is one permit for B40 correct?

1 **Anita Duty:** There is?

2 **Mark Swartz:** And the Permit No.?

3 **Anita Duty:** 12414.

4 **Mark Swartz:** And the other well, as we mentioned a moment ago is not. Correct?

5 **Anita Duty:** Correct?

6 **Mark Swartz:** And what lease terms have you offered to the folks that you've been successful in
7 obtaining leases from?

8 **Anita Duty:** \$5.00 per acre, per year, with a 5-year paid-up term and a 1/8 royalty.

9 **Mark Swartz:** And would you recommend those terms to the Board for folks who might be
10 deemed to be leased?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** Is it your opinion that drilling two frack wells in this unit is a reasonable way to
13 develop the Coalbed Methane given the mining?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** And is it also your opinion that if you combine the leases that you've obtained
16 from roughly 82% of the interest, if you combine those leases with the pooling order, pooling the
17 named respondents the correlative rights of everyone in this unit will be protected?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** That's all I have, Mr. Chairman.

20 **Butch Lambert:** Any questions from the Board? [No response] Anything further, Mr. Swartz?

21 **Mark Swartz:** No.

22 **Butch Lambert:** Do I have a motion?

23 **Bill Harris:** Motion made for approval, Mr. Chairman.

24 **Mary Quillen:** Second.

25 **Butch Lambert:** I have a motion and I have a second. Any further discussion? [No response] All
26 in favor, signify by saying yes.

1 **Board:** Yes.

2 **Butch Lambert:** Opposed, no? [No response]

3 **Butch Lambert:** Thank you, Mr. Swartz. That one is approved. You all have a nice day.

4 **Mark Swartz:** You too.

5 **Item Number 6**

6 **Butch Lambert:** A petition from EnerVest Operating, LLC, for a Well Location Exception for
7 Well 900148. Docket Number VGOB 17-0516-4118. All parties wishing to testify, please come
8 forward.

9 **Sarah Gilmer:** Do you swear your testimony is the truth, the whole truth, and nothing but the
10 truth?

11 **Tim Scott/Aaron Anderson:** I do.

12 **Tim Scott:** Mr. Anderson, please state your name, by whom you're employed and your job
13 description.

14 **Aaron Anderson:** Aaron Anderson. I'm employed by EnerVest Operating, LLC, as Associate
15 Landman.

16 **Tim Scott:** And you're familiar with this application. Is that correct?

17 **Aaron Anderson:** That is correct.

18 **Tim Scott:** Are you familiar with the minerals underlying this unit?

19 **Aaron Anderson:** Yes.

20 **Tim Scott:** And are those mineral owners set forth on Exhibit B?

21 **Aaron Anderson:** They are.

22 **Tim Scott:** Who operates the wells from which the well location exception is requested today.

23 **Aaron Anderson:** EnerVest Operating, LLC.

24 **Tim Scott:** And with regard to this unit, EnerVest is both an owner and an operator. Is that right?

25 **Aaron Anderson:** That's correct.

26 **Tim Scott:** How did we notify the parties listed on Exhibit B that this hearing would occur
27 today?

1 **Aaron Anderson:** Certified mail.

2 **Tim Scott:** And have we provided proof of our mailing to the Board?

3 **Aaron Anderson:** Yes, we have.

4 **Tim Scott:** That's all I have for Mr. Anderson.

5 **Butch Lambert:** Any questions/comments from the Board? [No response] You may continue,
6 Mr. Scott.

7 **Tim Scott:** Mr. Janson, your name, by whom you're employed, and your job description, please.

8 **Gus Janson:** My name is Gus Janson. I'm employed by EnerVest Operating, LLC as the
9 Geology Advisor.

10 **Tim Scott:** And you participated in the preparation of this application. Is that correct?

11 **Gus Janson:** I did.

12 **Tim Scott:** And please explain to the Board why we're seeking well locations exceptions for this
13 particular unit today.

14 **Gus Janson:** The Board is receiving the Exhibit K, which will show the location of proposed
15 well 900148. The location of this well has been selected to maximize the remaining resources
16 available out here. As you can see, there's no location that would not infringe on at least one
17 offsetting well in this area. So again, we put that in the best location to maximize reserves, in the
18 event we were not able to drill this well, we would strand approximately 108.39 acres of
19 resources.

20 **Tim Scott:** What's the proposed depth of this well?

21 **Gus Janson:** 5,657 feet.

22 **Tim Scott:** And what would be the potential loss of reserves if our application isn't granted
23 today?

24 **Gus Janson:** Approximately 525 million cubic feet of gas.

25 **Tim Scott:** And in your opinion, if the Board grants our application, it would prevent waste,
26 promote conservation, and protect correlative rights. Is that correct?

27 **Gus Janson:** That is correct.

28 **Tim Scott:** That's all I have for Mr. Janson.

1 **Butch Lambert:** Any questions from the Board? [No response] Anything further, Mr. Scott?

2 **Tim Scott:** That's all I have for this one, Mr. Chairman.

3 **Butch Lambert:** Do I have a motion?

4 **Mary Quillen:** Motion to approve.

5 **Bill Harris:** Second.

6 **Butch Lambert:** I have a motion and a second. Any further discussion? All in favor, signify by

7 saying yes.

8 **Board:** Yes.

9 **Butch Lambert:** Opposed, no?

10 **Donnie Ratliff:** I'll abstain.

11 **Butch Lambert:** One abstention, Mr. Ratliff. Thank you, Mr. Scott. That's approved.

12 **Tim Scott:** Thank you, Mr. Chairman.

13 **Item Number 7**

14 **Butch Lambert:** A petition from EnerVest Operating, LLC, for a Well Location Exception for

15 Well 900149. Docket Number VGOB 17-0516-4119. All parties wishing to testify, please come

16 forward.

17 **Tim Scott:** Tim Scott, Gus Janson, and Aaron Anderson for EnerVest Operating, LLC.

18 **Butch Lambert:** You may proceed, Mr. Scott.

19 **Tim Scott:** Thank you, Mr. Chairman. Mr. Anderson, please state your name, by whom you're

20 employed and your job description, please.

21 **Aaron Anderson:** Aaron Anderson. I'm employed by EnerVest Operating, LLC, as Associate

22 Landman.

23 **Tim Scott:** And you participated in the preparation of this application. Is that correct?

24 **Aaron Anderson:** That is correct.

25 **Tim Scott:** Are you familiar with the mineral ownership underlying this unit? Is that also

26 correct?

27 **Aaron Anderson:** Yes sir.

1 **Tim Scott:** And are those mineral owners listed on Exhibit B to our application?

2 **Aaron Anderson:** Yes sir.

3 **Tim Scott:** Who operates the wells from which the well location exception is requested?

4 **Aaron Anderson:** EnerVest Operating, LLC.

5 **Tim Scott:** And again, in this particular case, EnerVest is both an owner and an operator. Is that
6 correct?

7 **Aaron Anderson:** That's correct.

8 **Tim Scott:** As far as providing notice to this hearing to the parties listed on Exhibit B, how was
9 that done?

10 **Aaron Anderson:** Certified mail.

11 **Tim Scott:** And have we provided proof of our mailing to the Board?

12 **Aaron Anderson:** Yes, we have.

13 **Tim Scott:** That's all I have for Mr. Anderson.

14 **Butch Lambert:** Any questions/comments from the Board? [No response] You may continue,
15 Mr. Scott.

16 **Tim Scott:** Thank you, Mr. Janson, one more time, your name, by whom you're employed, and
17 your job description, please.

18 **Gus Janson:** My name is Gus Janson. I'm employed by EnerVest Operating, LLC, as the
19 Geology Advisor.

20 **Tim Scott:** And you participated in the preparation of this application. Is that correct?

21 **Gus Janson:** I did.

22 **Tim Scott:** And would you please explain to the Board why we're seeking a well location
23 exception for this particular well?

24 **Gus Janson:** Yes. Again, if the Board would refer to Exhibit K, you'll see the location of
25 proposed well 900149. And under the statewide spacing rules for conventional gas wells, there is
26 no location that would not infringe on at least one offsetting well in this area. And we've
27 positioned this well to maximize the recovery of the resources that are still available, and in the

1 event that we weren't able to approve this application today, we would be stranding
2 approximately [inaudible].

3 **Tim Scott:** What's the proposed depth of this well?

4 **Gus Janson:** 5,739 feet.

5 **Tim Scott:** In the event that the application was not granted today, what would be the potential
6 loss of reserves?

7 **Gus Janson:** Approximately 525 million cubic feet of gas.

8 **Tim Scott:** And if the Board grants our application, it's your opinion that it would prevent waste,
9 promote conservation, and protect correlative rights. Is that correct?

10 **Gus Janson:** That is correct.

11 **Tim Scott:** That's all I have for Mr. Janson.

12 **Butch Lambert:** Any questions from the Board?

13 **Bill Harris:** Mr. Chairman, a quick question: Gus, the last two maps in our Exhibit here on
14 mining maps, could you just comment on that, because it says Exhibit L and the other one is not
15 numbered, but...

16 **Gus Janson:** Right. There is a, the Board had requested us to provide, for your information, the
17 location of any active or abandoned mine works in this area.

18 **Bill Harris:** Yes.

19 **Gus Janson:** This particular well 900149 will be penetrating the abandoned mine works
20 associated with the Cherokee Mine that was recently abandoned. So that's one reason we're back
21 active in this area is that mining has now been completed, so we were available to come in here
22 and start.

23 **Bill Harris:** Can you tell us why there are two maps? I'm trying to see.

24 **Gus Janson:** The second one, there's a small area associated with the lions or the eagle seams.
25 There has been some surface mining near the surface where this well is proposed, but this well is
26 actually proposed on an abandoned mine bench, so there has been some active mine works under
27 the ridgetop, right nearby.

28 **Bill Harris:** You're saying there's two different mines?

29 **Gus Janson:** Two different abandoned sets of mine works and two different...

30 **Bill Harris:** Oh okay, so each one...okay.

1 **Mary Quillen:** Were they both surface mines?

2 **Gus Janson:** They're both underground mine area.

3 **Mary Quillen:** They're both underground mine.

4 **Gus Janson:** They're such small, contract sold mine, probably back in the 70's.

5 **Mary Quillen:** Okay.

6 **Bill Harris:** Okay, I see now. Thank you.

7 **Butch Lambert:** Any other questions? [No response] Anything further, Mr. Scott?

8 **Tim Scott:** That's all I have, Mr. Chairman.

9 **Butch Lambert:** Do I have a motion?

10 **Mary Quillen:** Motion to approve.

11 **Bill Harris:** Second.

12 **Butch Lambert:** I have a motion and a second. Any further discussion? All in favor, signify by

13 saying yes.

14 **Board:** Yes.

15 **Butch Lambert:** Opposed, no?

16 **Donnie Ratliff:** I'll abstain.

17 **Butch Lambert:** One abstention, Mr. Ratliff.

18 **Item Number 8**

19 **Butch Lambert:** A petition from EnerVest Operating, LLC, for Pooling of Well No. VCI-

20 530475. Docket Number VGOB 170516-4120. All parties wishing to testify, please come

21 forward.

22 **Tim Scott:** Tim Scott, Gus Janson, and Aaron Anderson for EnerVest Operating, LLC.

23 **Butch Lambert:** You may proceed, Mr. Scott.

24 **Tim Scott:** Thank you, Mr. Anderson, please state your name, by whom you're employed and

25 your job description, please.

1 **Aaron Anderson:** My name's Aaron Anderson. I'm employed by EnerVest Operating, LLC, as
2 Associate Landman.

3 **Tim Scott:** And you're familiar with this application. Is that right?

4 **Aaron Anderson:** That is correct.

5 **Tim Scott:** And where is this unit located?

6 **Aaron Anderson:** In the Nora Coalbed Gas Field.

7 **Tim Scott:** How many acres does it contain?

8 **Aaron Anderson:** 58.77.

9 **Tim Scott:** And EnerVest does have a substantial portion of this under lease, as well as, feasible
10 ownership. Is that right?

11 **Aaron Anderson:** That's correct.

12 **Tim Scott:** Are we going to dismiss any parties respondents listed on Exhibit B3 today?

13 **Aaron Anderson:** No sir.

14 **Tim Scott:** And how was notice of this hearing provided to those parties?

15 **Aaron Anderson:** By Certified mail, Return Receipt Requested.

16 **Tim Scott:** And we've provided proof of that mailing to the Board. Is that correct?

17 **Aaron Anderson:** That is correct.

18 **Tim Scott:** Do you have any unknown parties in this unit?

19 **Aaron Anderson:** No sir.

20 **Tim Scott:** And is EnerVest authorized to conduct business in the Commonwealth?

21 **Aaron Anderson:** They are.

22 **Tim Scott:** Blanket bond on file. Is that correct?

23 **Aaron Anderson:** Yes sir.

24 **Tim Scott:** Now, if you were able to reach an agreement with the parties listed on Exhibit B3,
25 what lease terms would you offer?

1 **Aaron Anderson:** \$25.00 per acre for a 5-year, paid-up lease, with a 1/8 royalty.

2 **Tim Scott:** Is that reasonable compensation for a lease in this area?

3 **Aaron Anderson:** Yes sir.

4 **Tim Scott:** What percentage of the gas estate does EnerVest have under lease?

5 **Aaron Anderson:** 83.07%.

6 **Tim Scott:** And again, that does include acreage that EnerVest owns in fee simple. Is that
7 correct?

8 **Aaron Anderson:** Yes sir.

9 **Tim Scott:** What percentage of the gas estate are we seeking to pool today?

10 **Aaron Anderson:** 16.93%.

11 **Tim Scott:** You indicated we have no unknowns. Is that right?

12 **Aaron Anderson:** That's correct.

13 **Tim Scott:** So, there is no escrow requirement. Is that right?

14 **Aaron Anderson:** Right.

15 **Tim Scott:** You're asking the Board to pool the unleased parties listed on Exhibit B3?

16 **Aaron Anderson:** Yes sir.

17 **Tim Scott:** And EnerVest be named the operator of this unit?

18 **Aaron Anderson:** That's correct.

19 **Tim Scott:** Now, if the Board grants our application today and we send out orders for elections
20 to be made, what address should we use for making any elections under the order?

21 **Aaron Anderson:** EnerVest Operating, LLC, 406 West Main Street, Abingdon, VA, 24210;
22 Attention Chuck Akers, Land Manager.

23 **Tim Scott:** And that would be the address for all communications regarding this unit. Is that
24 right?

25 **Aaron Anderson:** That's correct.

1 **Tim Scott:** That's all I have for Mr. Anderson.

2 **Butch Lambert:** Any questions from the Board? [No response] You may continue, Mr. Scott.

3 **Tim Scott:** Thank you, Mr. Chairman. Mr. Janson, your name, by whom you're employed, and
4 your job description, please.

5 **Gus Janson:** My name is Gus Janson. I'm employed by EnerVest Operating, LLC as the
6 Geology Advisor.

7 **Tim Scott:** And you participated in the preparation of this application. Is that correct?

8 **Gus Janson:** I did.

9 **Tim Scott:** Are you familiar with the proposed well depth of this unit?

10 **Gus Janson:** Yes, the proposed depth is 2,118 feet.

11 **Tim Scott:** And what are the estimated reserves of this unit?

12 **Gus Janson:** The estimated reserves are 785 million cubic feet of gas.

13 **Tim Scott:** And are you also familiar with the cost?

14 **Gus Janson:** I am.

15 **Tim Scott:** What's the estimated dry-hole cost?

16 **Gus Janson:** Estimated dry-hole cost is \$162,500.00.

17 **Tim Scott:** And the estimated completed well cost?

18 **Gus Janson:** \$381,650.00.

19 **Tim Scott:** And you also participated in the preparation of AFE. Correct?

20 **Gus Janson:** I did.

21 **Tim Scott:** And it was attached to our application as Exhibit C, is that right?

22 **Gus Janson:** That's correct.

23 **Tim Scott:** In your opinion, if the application is granted today, would it prevent waste, promote
24 conservation, and protect correlative rights?

25 **Gus Janson:** It will. Yes.

26 **Tim Scott:** That's all I have for Mr. Janson.

1 **Butch Lambert:** Any questions from the Board? Mr. Cooper, do you have information on the
2 Levisa Coal Company, regarding this?

3 **Rick Cooper:** Yes, I have a letter that was sent in from John Ervin. He's the managing general
4 partner for Levisa Coal, and he wanted to put on record, so I'll just...it's just two sentences or so
5 this particular well we're talking about here and it also has the same issue with Docket Number
6 11, but I don't believe 11 is an issue because that permit has also been approved and its consent
7 to stimulate was in there, but his letter says that "Levisa Coal Company is a coal owner within
8 750 feet of the proposed well and wants to be on record with the Virginia Gas and Oil Board
9 that Levisa below drainage coal is unleased on these tracts and Levisa Coal has not provided the
10 operator, EnerVest Operating, LLC, with a consent to stimulate." I'm not sure how we address
11 that, but we do not have a consent to stimulate on that particular application we're talking about.
12 We have it, we're reviewing it, we have not approved it, but the other item, Item Number 11, has
13 been approved since January. So, we're good to go with 11.

14 **Paul Kugelman, Jr.:** So, the permit for 11 has been issued since January?

15 **Rick Cooper:** For Docket Item Number 11, yes.

16 **Paul Kugelman, Jr.:** Okay, that's what I wanted to make sure I was clear on. So, it's just
17 Number 8 where we don't have a permit right now?

18 **Rick Cooper:** That is correct. We have a permit; we have an application, we have not approved
19 it.

20 **Gus Janson:** We're working with Mr. Ervin to obtain that consent and we understand that it
21 doesn't have anything to do with the pooling, the application we have here today and it will be a
22 permitting issue and it will be addressed before the permit issued.

23 **Paul Kugelman, Jr.:** Okay, because I was going to say, that doesn't stop the pool.

24 **Gus Janson:** Right. Correct.

25 **Paul Kugelman, Jr.:** But, I didn't know how that objection to consent to stimulate, I thought,
26 anyway. So, you all are working on that, and that's a different issue?

27 **Gus Janson:** Yes sir.

28 **Paul Kugelman, Jr.:** Okay.

29 **Butch Lambert:** Anything else, Mr. Cooper?

30 **Rick Cooper:** No.

1 **Butch Lambert:** Any other questions from the Board? [No response] Anything further, Mr.
2 Scott?

3 **Tim Scott:** That's all I have on this one, Mr. Chairman?

4 **Butch Lambert:** Do I have a motion?

5 **Mary Quillen:** Motion to approve.

6 **Bill Harris:** I'll second that.

7 **Butch Lambert:** I have a motion and a second. Any further discussion? All in favor, signify by
8 saying yes.

9 **Board:** Yes.

10 **Butch Lambert:** Opposed, no?

11 **Donnie Ratliff:** I'll abstain.

12 **Butch Lambert:** One abstention, Mr. Ratliff. Thank you, Mr. Scott. That is approved.

13 **Item Number 9**

14 **Butch Lambert:** A petition from EnerVest Operating, LLC, for Pooling of Well No. VCI-
15 530473. Docket Number VGOB 17-0516-4121. All parties wishing to testify, please come
16 forward.

17 **Tim Scott:** Tim Scott, Gus Janson, and Aaron Anderson for EnerVest Operating, LLC.

18 **Butch Lambert:** You may proceed, Mr. Scott.

19 **Tim Scott:** Thank you, Mr. Chairman. Mr. Anderson, one more time, your name, by whom
20 you're employed and your job description, please.

21 **Aaron Anderson:** I'm Aaron Anderson. I'm employed by EnerVest Operating, LLC, as
22 Associate Landman.

23 **Tim Scott:** And you're familiar with this application. Is that correct?

24 **Aaron Anderson:** That is correct.

25 **Tim Scott:** And where's this unit located?

26 **Aaron Anderson:** In the Nora Coalbed Gas Field.

27 **Tim Scott:** How many acres does it contain?

1 **Aaron Anderson:** 58.77.

2 **Tim Scott:** Now, as with previous applications, EnerVest is both an owner and an operator in
3 this unit. Is that correct?

4 **Aaron Anderson:** That is correct.

5 **Tim Scott:** Are we going to dismiss any parties respondents listed on Exhibit B3 today?

6 **Aaron Anderson:** No sir.

7 **Tim Scott:** And with regard to how the parties were notified of this hearing, how was that done?

8 **Aaron Anderson:** Certified mail, Return Receipt Requested.

9 **Tim Scott:** And have we provided proof of mailing to the Board?

10 **Aaron Anderson:** We have.

11 **Tim Scott:** Do we have any unknown owners in this unit?

12 **Aaron Anderson:** No sir.

13 **Tim Scott:** And is EnerVest authorized to conduct business in the Commonwealth?

14 **Aaron Anderson:** Yes.

15 **Tim Scott:** Does EnerVest have a Blanket Bond on file with the department?

16 **Aaron Anderson:** We do.

17 **Tim Scott:** Again, if you were able to reach an agreement with the parties listed on Exhibit B3,
18 what lease terms would you offer to those parties?

19 **Aaron Anderson:** \$25.00 per acre for a 5-year, paid-up lease, with a 1/8 royalty.

20 **Tim Scott:** Do you consider that to be reasonable compensation for a lease in this area?

21 **Aaron Anderson:** Yes sir.

22 **Tim Scott:** What percentage of the gas estate does EnerVest have under lease?

23 **Aaron Anderson:** 94.11%.

24 **Tim Scott:** And again, that does include fee simple ownership. Is that right?

1 **Aaron Anderson:** That's correct.

2 **Tim Scott:** What percentage of the gas estate are we seeking to pool today?

3 **Aaron Anderson:** 5.89%.

4 **Tim Scott:** We don't have an escrow requirement. Is that right?

5 **Aaron Anderson:** That's correct.

6 **Tim Scott:** You're asking the Board to pool the unleased parties listed on Exhibit B3?

7 **Aaron Anderson:** Yes.

8 **Tim Scott:** And that EnerVest be named the operator for this unit? Is that also correct?

9 **Aaron Anderson:** Yes sir.

10 **Tim Scott:** And if the Board grants our application today and we send out the orders for the
11 parties to make elections, what would be the address for making any elections pursuant to any
12 order entered by this Board?

13 **Aaron Anderson:** EnerVest Operating, LLC, 408 West Main Street, Abingdon, VA, 24210;
14 Attention Chuck Akers, Land Manager.

15 **Tim Scott:** And that should be the address for all communications regarding this unit?

16 **Aaron Anderson:** It should.

17 **Tim Scott:** That's all I have for Mr. Anderson.

18 **Butch Lambert:** Any questions from the Board? [No response] You may continue, Mr. Scott.

19 **Tim Scott:** Thank you. Mr. Janson, again your name, by whom you're employed, and your job
20 description, please.

21 **Gus Janson:** My name is Gus Janson. I'm employed by EnerVest Operating, LLC, as the
22 Geology Advisor.

23 **Tim Scott:** And you participated in the preparation of this application. Is that correct?

24 **Gus Janson:** I did.

25 **Tim Scott:** Are you familiar with the proposed well depth of this unit?

26 **Gus Janson:** Yes, the proposed depth is 2,529 feet.

1 **Tim Scott:** And what are the estimated reserves of this unit?

2 **Gus Janson:** The estimated reserves are 515 million cubic feet of gas.

3 **Tim Scott:** And you participated in the preparation of the AFE. Is that right?

4 **Gus Janson:** I did.

5 **Tim Scott:** So, you're familiar with the cost?

6 **Gus Janson:** I am.

7 **Tim Scott:** What's the estimated dry-hole cost of this unit?

8 **Gus Janson:** \$150,900.00.

9 **Tim Scott:** And the completed well cost?

10 **Gus Janson:** \$358,350.00.

11 **Tim Scott:** And in your opinion, if the Board grants our application, it would prevent waste,
12 promote conservation, and protect correlative rights?

13 **Gus Janson:** Yes, it would.

14 **Tim Scott:** That's all I have for Mr. Janson.

15 **Butch Lambert:** Any questions from the Board? [No response] Anything further, Mr. Scott?

16 **Tim Scott:** That's all I have, Mr. Chairman.

17 **Butch Lambert:** Do I have a motion?

18 **Mary Quillen:** Motion to approve.

19 **Bill Harris:** I'll second that, Mr. Chairman.

20 **Butch Lambert:** I have a motion and a second. Any further discussion? All in favor, signify by
21 saying yes.

22 **Board:** Yes.

23 **Butch Lambert:** Opposed, no?

24 **Donnie Ratliff:** I'll abstain.

25 **Butch Lambert:** One abstention, Mr. Ratliff. Thank you, Mr. Scott. That one is approved.

Item Number 10

Butch Lambert: A petition from EnerVest Operating, LLC, for Pooling of Well No. VCI-538428. Docket Number VGOB 17-0516-4122. All parties wishing to testify, please come forward.

Tim Scott: Tim Scott, Gus Janson, and Aaron Anderson for EnerVest Operating, LLC.

Butch Lambert: You may proceed, Mr. Scott.

Tim Scott: Mr. Anderson, your name, by whom you're employed and your job description.

Aaron Anderson: I'm Aaron Anderson with EnerVest Operating, LLC, as an Associate Landman.

Tim Scott: And you're familiar with this application. Is that correct?

Aaron Anderson: That is correct.

Tim Scott: How many acres does it contain?

Aaron Anderson: 58.77.

Tim Scott: And it's in the Nora Coalbed Gas Field. Is that right?

Aaron Anderson: That's correct.

Tim Scott: Now, EnerVest is both a lessee and an owner in this unit. Is that right?

Aaron Anderson: That is correct.

Tim Scott: Now, you've made some leasing efforts since this application was filed. Is that right?

Aaron Anderson: That's correct.

Tim Scott: So, we're going to dismiss a couple of the parties listed on Exhibit B3. Is that also correct?

Aaron Anderson: That's correct.

Tim Scott: Who are those parties?

Aaron Anderson: It's going to be William Monroe, Jr. and Sherry Johnson.

Tim Scott: And with regard to the parties listed on Exhibit B3, how was notice of this hearing provided to those parties?

1 **Aaron Anderson:** By certified mail with a Return Receipt Requested.

2 **Tim Scott:** And have we provided proof of mailing to the Board?

3 **Aaron Anderson:** Yes.

4 **Tim Scott:** And, is EnerVest authorized to conduct business in the Commonwealth. Is that right?

5 **Aaron Anderson:** That's correct.

6 **Tim Scott:** And EnerVest has a Blanket bond on file. Is that also correct?

7 **Aaron Anderson:** That's correct.

8 **Tim Scott:** Now, if you were able to reach an agreement with those parties listed on Exhibit B3,
9 what lease terms would you offer those parties?

10 **Aaron Anderson:** \$25.00 per acre for a 5-year, paid-up lease, with a 1/8 royalty.

11 **Tim Scott:** And you consider that to be reasonable compensation for a lease in this area?

12 **Aaron Anderson:** Yes sir.

13 **Tim Scott:** Okay, now what percentage of the gas estate does EnerVest have under lease or has
14 fee simple ownership?

15 **Aaron Anderson:** 99.85518987%.

16 **Tim Scott:** And that's a new percentage based on your leasing efforts. Is that correct?

17 **Aaron Anderson:** That's correct.

18 **Tim Scott:** What percentage of the gas estate are we seeking to pool today?

19 **Aaron Anderson:** 0.14481013%.

20 **Tim Scott:** You don't have any unknowns. Is that right?

21 **Aaron Anderson:** That's correct.

22 **Tim Scott:** So, there is no escrow requirement?

23 **Aaron Anderson:** That's correct.

24 **Tim Scott:** Are you requesting the Board to pool the parties listed on Exhibit B3?

1 **Aaron Anderson:** Yes.

2 **Tim Scott:** And you're requesting that EnerVest be named the operator for this unit? Is that
3 correct?

4 **Aaron Anderson:** That's correct.

5 **Tim Scott:** If the Board grants our application today and we send out the orders for the parties
6 listed on Exhibit B3 to make elections, what would be the address to use for making any
7 elections?

8 **Aaron Anderson:** EnerVest Operating, LLC, 408 West Main Street, Abingdon, VA, 24210;
9 Attention Chuck Akers, Land Manager.

10 **Tim Scott:** And that should be the address for all communications with regard to this pooling
11 order. Is that correct?

12 **Aaron Anderson:** That's correct.

13 **Tim Scott:** That's all I have for Mr. Anderson.

14 **Butch Lambert:** Any questions from the Board? [No response] You may continue, Mr. Scott.

15 **Tim Scott:** Thank you. Mr. Janson, your name, by whom you're employed, and your job
16 description, please.

17 **Gus Janson:** My name is Gus Janson. I'm employed by EnerVest Operating, LLC as the
18 Geology Advisor.

19 **Tim Scott:** And you participated in the preparation of this application. Is that correct?

20 **Gus Janson:** I did.

21 **Tim Scott:** So, you're familiar with the proposed well depth of this unit?

22 **Gus Janson:** Yes.

23 **Tim Scott:** And what would that be?

24 **Gus Janson:** The proposed depth is 3,202 feet.

25 **Tim Scott:** And what are the estimated reserves of this unit?

26 **Gus Janson:** The estimated reserves are 915 million cubic feet of gas.

27 **Tim Scott:** You also assisted in the preparation of the AFE that was submitted with our
28 application. Is that right?

1 **Gus Janson:** That is correct.

2 **Tim Scott:** So, you're familiar with the well cost?

3 **Gus Janson:** I am.

4 **Tim Scott:** What's the estimated dry-hole?

5 **Gus Janson:** Estimated dry-hole cost is \$174,800.00.

6 **Tim Scott:** And the estimated completed well cost?

7 **Gus Janson:** Estimated completed well cost is \$503,900.00.

8 **Tim Scott:** So, in your opinion, if the Board grants our application today, would prevent waste,
9 promote conservation, and protect correlative rights?

10 **Gus Janson:** Yes, it would.

11 **Tim Scott:** That's all I have for Mr. Janson.

12 **Butch Lambert:** Any questions from the Board?

13 **Bill Harris:** Mr. Chairman, let me just ask about the location of the well. I notice that it's outside
14 of the main window there. Let me make sure I have the right one. Okay, I'm looking at the plat.

15 **Gus Janson:** Yes sir.

16 **Bill Harris:** And we're looking at the CMB, that one that's at about 5 o'clock.

17 **Gus Janson:** Yes sir.

18 **Bill Harris:** Is there a reason why that could not.

19 **Gus Janson:** Without looking specifically at the permit application, I believe my recollection is
20 that there is some total graph restraints in here and there also some residents living in the area.
21 We're trying to work with those people in there to get the location [inaudible].

22 **Bill Harris:** Okay, thank you. I just thought I'd ask.

23 **Butch Lambert:** Any other questions from the Board? [No response] Anything further, Mr.
24 Scott?

25 **Tim Scott:** That's all I have, Mr. Chairman.

26 **Butch Lambert:** Do I have a motion?

27 **Mary Quillen:** Motion to approve.

1 **Bill Harris:** Second.

2 **Butch Lambert:** I have a motion and a second. Any further discussion? All in favor, signify by
3 saying yes.

4 **Board:** Yes.

5 **Butch Lambert:** Opposed, no?

6 **Donnie Ratliff:** I'll abstain.

7 **Butch Lambert:** One abstention, Mr. Ratliff. Thank you, Mr. Scott. That one is approved.

8 **Item Number 11**

9 **Butch Lambert:** A petition from EnerVest Operating, LLC, for Pooling of Well No. VCI-
10 538847. Docket Number VGOB 17-0516-4123. All parties wishing to testify, please come
11 forward.

12 **Tim Scott:** Tim Scott, Gus Janson, and Aaron Anderson for EnerVest Operating, LLC.

13 **Butch Lambert:** You may proceed, Mr. Scott.

14 **Tim Scott:** Mr. Anderson, you're on deck.

15 **Aaron Anderson:** I'm Aaron Anderson with EnerVest Operating, LLC, and I'm employed as an
16 Associate Landman.

17 **Tim Scott:** And you're familiar with this application. Is that correct?

18 **Aaron Anderson:** That is correct.

19 **Tim Scott:** Where's this unit located?

20 **Aaron Anderson:** In the Nora Coalbed Gas Field.

21 **Tim Scott:** How many acres does it contain?

22 **Aaron Anderson:** 58.77.

23 **Tim Scott:** We have the same situation here where EnerVest is both an owner and a lessee. Is
24 that correct?

25 **Aaron Anderson:** That is correct.

26 **Tim Scott:** And, are we going to dismiss any parties respondent listed on Exhibit B3 today?

1 **Aaron Anderson:** No sir.

2 **Tim Scott:** And how was the notice of this hearing provided to the parties listed on Exhibit B3?

3 **Aaron Anderson:** By certified mail with a Return Receipt Requested.

4 **Tim Scott:** And we've provided proof of mailing to the Board? Is that right?

5 **Aaron Anderson:** That's correct.

6 **Tim Scott:** Do we have any unknown owners in this unit?

7 **Aaron Anderson:** No sir.

8 **Tim Scott:** Is EnerVest authorized to conduct business in the Commonwealth?

9 **Aaron Anderson:** They are.

10 **Tim Scott:** And is there a Blanket Bond on file with the department?

11 **Aaron Anderson:** Yes, there is.

12 **Tim Scott:** And, one of the things you just passed out, we had some mathematical errors. Is that
13 correct?

14 **Aaron Anderson:** That's correct.

15 **Tim Scott:** So, we've provided to the Board a revised Exhibit B and B3. Is that correct?

16 **Aaron Anderson:** That's correct.

17 **Tim Scott:** But no new notice is required, just some mathematical changes. Is that right?

18 **Aaron Anderson:** That's correct.

19 **Tim Scott:** And those will be reflected in the statements regarding the percentage of leased
20 verses unleased. Is that right?

21 **Aaron Anderson:** That's correct.

22 **Tim Scott:** Now, if you were able to reach an agreement with those parties listed on B3, what
23 would the terms be?

24 **Aaron Anderson:** \$25.00 per acre for a 5-year, paid-up lease, with a 1/8 royalty.

25 **Tim Scott:** Okay, and what percentage of the gas estate does EnerVest have under lease?

1 **Aaron Anderson:** 80.96%.

2 **Tim Scott:** And you consider these terms to be fair and adequate. Is that correct?

3 **Aaron Anderson:** Yes, I do.

4 **Tim Scott:** What percentage of the gas estate are we seeking to pool today?

5 **Aaron Anderson:** 19.04%.

6 **Tim Scott:** And we do not have an escrow requirement? Is that right?

7 **Aaron Anderson:** That's correct.

8 **Tim Scott:** You're asking the Board to pool the parties listed on Exhibit B3?

9 **Aaron Anderson:** Yes sir.

10 **Tim Scott:** And that EnerVest be named the operator for this unit?

11 **Aaron Anderson:** Yes.

12 **Tim Scott:** If the Board grants our application today and orders are sent out with the election
13 options for parties listed on Exhibit B3, what address would be used for making any elections
14 under an order entered by this Board?

15 **Aaron Anderson:** EnerVest Operating, LLC, 408 West Main Street, Abingdon, VA, 24210;
16 Attention Chuck Akers, Land Manager.

17 **Tim Scott:** And that should be the address for all communications regarding this unit order?

18 **Aaron Anderson:** Yes.

19 **Tim Scott:** That's all I have for Mr. Anderson.

20 **Butch Lambert:** Any questions from the Board?

21 **Bill Harris:** Mr. Chairman, let me just ask a question for clarification: on Exhibit B, which is
22 Page Number 10, it says coal estate only. Down at the bottom, it has total gas estate for that. Is
23 that correct in terms of nomenclature there?

24 **Aaron Anderson:** I just handed out a new Exhibit B.

25 **Mary Quillen:** Here is the new one.

26 **Tim Scott:** He's talking about with the total, the page before that. The one with total ownership.

1 **Aaron Anderson:** Yes, we've got a coal estate in this one as well. I don't have it in front of me,
2 I don't think.

3 **Bill Harris:** It's our Page Number 10. What you handed out doesn't address the coal estate
4 aspect of it.

5 **Aaron Anderson:** Oh, I'm sorry. Yes, I can change that to total coal estate at the bottom.

6 **Bill Harris:** That should say, I noticed the last one or two actually had the same thing

7 **Aaron Anderson:** Yes sir. I'll revise that and send something into the Board.

8 **Tim Scott:** So, the percentage is for both the lease is the same for the coal estate and the oil and
9 gas estate. Is that right, Mr. Anderson?

10 **Aaron Anderson:** That's correct.

11 **Bill Harris:** I'm told the last three actually were misnamed in that section.

12 **Aaron Anderson:** Okay.

13 **Bill Harris:** Okay.

14 **Tim Scott:** You'll get them all fixed and resubmit, Mr. Anderson. Is that correct?

15 **Aaron Anderson:** That is correct.

16 **Bill Harris:** Thank you.

17 **Butch Lambert:** Also, I'm looking at B3 that you handed out and the B3 that's in our package,
18 and I don't...is there a difference in the two? I can't find...

19 **Aaron Anderson:** I think it was just an address difference for Amy Combs and Eric Combs.

20 **Butch Lambert:** No, those are the same.

21 **Aaron Anderson:** Okay. Maybe the B3 didn't change. I'm sorry, sir.

22 **Butch Lambert:** B3 did not change?

23 **Tim Scott:** Did not change.

24 **Sarah Gilmer:** The document submitted in your all's packet is the same one that they passed out
25 to you today.

1 **Butch Lambert:** Okay. Thank you.

2 **Aaron Anderson:** I didn't know if we'd get that one in under the radar or not.

3 **Butch Lambert:** Okay, thank you. Any other questions from the Board? [No response]

4 Anything further, Mr. Scott?

5 **Tim Scott:** That's all I have on this one, Mr. Chairman.

6 **Butch Lambert:** Do I have a motion?

7 **Bill Harris:** Motion to approve.

8 **Mary Quillen:** Second.

9 **Butch Lambert:** I have a motion and I have a second. Any further discussion? All in favor,

10 signify by saying yes.

11 **Board:** Yes.

12 **Butch Lambert:** Opposed, no? [No response]

13 **Donnie Ratliff:** I'll abstain, Mr. Chairman.

14 **Butch Lambert:** One abstention. Mr. Ratliff.

15 **Item Number 12**

16 **Butch Lambert:** A petition from EnerVest Operating, LLC, for Pooling of Well No. Haysi-156.

17 This is Docket Number VGOB 17-0516-4124. All parties wishing to testify, please come

18 forward.

19 **Tim Scott:** Tim Scott, Gus Janson, and Aaron Anderson for EnerVest Operating, LLC.

20 **Butch Lambert:** You may proceed, Mr. Scott.

21 **Tim Scott:** Mr. Anderson, one more time. Your name, by whom you're employed and your job

22 description please.

23 **Aaron Anderson:** Aaron Anderson with EnerVest Operating, LLC. Employed as an Associate

24 Landman.

25 **Tim Scott:** You're familiar with this application. Is that correct?

26 **Aaron Anderson:** That is correct.

1 **Tim Scott:** And where is this unit located?

2 **Aaron Anderson:** In the Nora Coalbed Gas Field.

3 **Tim Scott:** How many acres does it contain?

4 **Aaron Anderson:** 58.77.

5 **Tim Scott:** Are we going to dismiss any parties respondent today?

6 **Aaron Anderson:** No sir.

7 **Tim Scott:** How was notice of this hearing provided to those parties, listed on Exhibit B3?

8 **Aaron Anderson:** By certified mail with a Return Receipt Requested.

9 **Tim Scott:** We do have some unknowns, is that correct?

10 **Aaron Anderson:** That is correct.

11 **Tim Scott:** So, additional notice was effected, and how was that done?

12 **Aaron Anderson:** Publication in the *Bluefield Daily Telegraph* on April 28, 2017.

13 **Tim Scott:** Now have you provided proof of mailing and proof of publication to the Board?

14 **Aaron Anderson:** Yes.

15 **Tim Scott:** So, we do have unknowns in this unit. Is that right?

16 **Aaron Anderson:** That is correct.

17 **Tim Scott:** You've provided the Board with your attempt to locate these parties. Is that correct?

18 **Aaron Anderson:** Yes sir.

19 **Tim Scott:** Now, EnerVest is authorized to conduct business in the Commonwealth. Is that
20 right?

21 **Aaron Anderson:** That's correct.

22 **Tim Scott:** And there is a bond on file with the department. Is that also correct?

23 **Aaron Anderson:** That's correct.

1 **Tim Scott:** As to the lease terms that you would offer to the parties listed on Exhibit B3, what
2 would those lease terms be?

3 **Aaron Anderson:** \$25.00 per acre for a 5-year, paid-up lease, with a 1/8 royalty.

4 **Tim Scott:** And you consider that to be reasonable compensation for a lease in this area?

5 **Aaron Anderson:** Yes sir.

6 **Tim Scott:** What percentage of the gas estate does EnerVest have under lease?

7 **Aaron Anderson:** 99.30406651%.

8 **Tim Scott:** And again, that includes both fee simple ownership and ownership based on, or lease
9 hold estate ownership. Is that right?

10 **Aaron Anderson:** That's correct.

11 **Tim Scott:** What percentage of the gas estate are we seeking to pool today?

12 **Aaron Anderson:** 0.6936096154%.

13 **Tim Scott:** And we do have an escrow requirement?

14 **Aaron Anderson:** Yes.

15 **Tim Scott:** And what tract or tracts in the unit require the escrow?

16 **Aaron Anderson:** Tract 2.

17 **Tim Scott:** And what's the total percentage of the unit that would be subject to escrow?

18 **Aaron Anderson:** 0.18453526%.

19 **Tim Scott:** Are you requesting the Board to pool the unleased parties listed on Exhibit B3?

20 **Aaron Anderson:** That is correct.

21 **Tim Scott:** And that EnerVest be named the operator for this unit? Is that correct?

22 **Aaron Anderson:** That's correct.

23 **Tim Scott:** If the Board grants our application today and we send out the orders for the parties on
24 Exhibit B3 to make their elections, what would be the address to use for any party making an
25 election?

1 **Aaron Anderson:** EnerVest Operating, LLC, 408 West Main Street, Abingdon, VA, 24210;
2 Attention Chuck Akers, Land Manager.

3 **Tim Scott:** And that would be the address for all correspondence regarding this order in the unit.
4 Is that right?

5 **Aaron Anderson:** That is correct.

6 **Tim Scott:** That's all I have for Mr. Anderson.

7 **Butch Lambert:** Any questions from the Board? [No response] You may continue, Mr. Scott.

8 **Tim Scott:** Thank you. Mr. Janson, one more time; name, by whom you're employed, and your
9 job description.

10 **Gus Janson:** My name is Gus Janson. I'm employed by EnerVest Operating, LLC, as the
11 Geology Advisor.

12 **Tim Scott:** And you participated in the preparation of this application. Is that correct?

13 **Gus Janson:** I did.

14 **Tim Scott:** So, you're familiar with the proposed well depth?

15 **Gus Janson:** Yes. Proposed well depth is [inaudible].

16 **Tim Scott:** And you're also familiar with the estimated reserves of this unit. Is that right?

17 **Gus Janson:** Yes, the reserves estimated are 610 million cubic feet of gas.

18 **Tim Scott:** Okay, and you participated in the preparation of the AFE. Is that right?

19 **Gus Janson:** I did.

20 **Tim Scott:** So, you're familiar with the well cost?

21 **Gus Janson:** I am.

22 **Tim Scott:** What's the estimated dry-hole cost for this well?

23 **Gus Janson:** Estimated dry-hole cost is \$142,000.00.

24 **Tim Scott:** And the completed well cost?

25 **Gus Janson:** Is \$348,350.00.

1 **Tim Scott:** And, in your opinion, if the Board grants our application today, would prevent waste,
2 promote conservation, and protect correlative rights?

3 **Gus Janson:** Yes, it would.

4 **Tim Scott:** That's all I have for Mr. Janson.

5 **Butch Lambert:** Any questions from the Board? [No response] Anything further, Mr. Scott?

6 **Tim Scott:** That's all I have on this, Mr. Chairman.

7 **Butch Lambert:** Do I have a motion?

8 **Mary Quillen:** Motion to approve.

9 **Bill Harris:** Second.

10 **Butch Lambert:** I have a motion and a second. Any further discussion? All in favor, signify by
11 saying yes.

12 **Board:** Yes.

13 **Butch Lambert:** Opposed, no?

14 **Donnie Ratliff:** I'll abstain.

15 **Butch Lambert:** One abstention, Mr. Ratliff. Thank you, Mr. Scott. That one is approved.

16 **Tim Scott:** Thank you.

17 **Item Number 13**

18 **Butch Lambert:** A petition from EnerVest Operating, LLC, to disburse escrow funds to all
19 known owners in Tract 3, pursuant to HB 2058. Docket Number VGOB 98-0818-0678-02. All
20 parties wishing to testify, please come forward.

21 **Tim Scott:** Tim Scott and Chuck Akers for EnerVest Operating, LLC.

22 **Butch Lambert:** You may proceed, Mr. Scott.

23 **Sarah Gilmer:** Do you swear and affirm your testimony is the truth, the whole truth, and nothing
24 but the truth?

25 **Chuck Akers:** I do.

26 **Tim Scott:** Mr. Akers, please state your name, by whom you're employed, and your job
27 description, please.

1 **Chuck Akers:** My name is Chuck Akers, or Charles T. Akers; Land Manager, EnerVest
2 Operating.

3 **Tim Scott:** And you're familiar with this disbursement request. Is that correct?

4 **Chuck Akers:** That is correct.

5 **Tim Scott:** And what's the basis for this disbursement today?

6 **Chuck Akers:** Final order from Dickenson County Circuit Court. Action Number CL-16-115.

7 **Tim Scott:** And once this application is approved and disbursements are made, will this escrow
8 account be closed for this unit?

9 **Chuck Akers:** No, it will still remain open, there are some unknown owners.

10 **Tim Scott:** Okay. Once the escrow account is disbursed for this Tract 3, will these parties then
11 received their royalty checks directly? Is that correct? This is for royalty payments. Is that right?

12 **Chuck Akers:** That is correct. Yes.

13 **Tim Scott:** Okay. Have you reconciled EnerVest records with the records of the escrow agent?

14 **Chuck Akers:** Yes.

15 **Tim Scott:** And what were the results of that reconciliation?

16 **Chuck Akers:** It was to the positive of \$190.14.

17 **Tim Scott:** And what's the date of that reconciliation?

18 **Chuck Akers:** August 31, 2017.

19 **Tim Scott:** That's all I have for Mr. Akers.

20 **Butch Lambert:** Chairman just noticed that one below or one of the parties leased to, is actually
21 an uncle of his, so I'll ask Ms. Quillen, will you take this one for me please?

22 **Mary Quillen:** Oh, I'm sorry. Where are we on that?

23 **Butch Lambert:** With "from the Board".

24 **Mary Quillen:** Any questions from the Board?

25 **Bill Harris:** I do have one, Ms. Chairman. On the, there is a yellow indication on the plat map. I
26 know you all weren't talking about the plat map, but can you tell us something about the
27 significance of that? And also, I guess there's a supplemental for this. I guess I'm on the right,

1 yeah, Number 13 item, yes. There's a, I guess Tract 2. I'm not sure what the numbers mean. Let
2 me give you a page reference. 3 of 20, but that's in yellow. I'm trying to just relate the yellow
3 markings on the plat map and the, yeah, I see now. It's Tract 3. So, I'm trying to figure out what
4 the yellow means.

5 **Chuck Akers:** I apologize. I don't have the plat in front of me.

6 **Bill Harris:** Charles Duggard Grizzle [inaudible] heirs.

7 **Chuck Akers:** Oh, okay. It's just leniting the mineral ownership line between the two tracts
8 where Tract 3 is located.

9 **Tim Scott:** And that is the subject of this disbursement.

10 **Bill Harris:** And that's what's being disbursed?

11 **Tim Scott/Chuck Akers:** Yes sir.

12 **Tim Scott:** That's correct.

13 **Bill Harris:** Okay, okay. I see.

14 **Tim Scott:** That's been done on all these.

15 **Chuck Akers:** They've all been, the ones that...[inaudible] the note is the same way. The
16 mineral tract is highlighted on there.

17 **Bill Harris:** Okay, okay, okay. I was just not familiar with that. That's okay. I saw it and it
18 wasn't addressed in the testimony so I just wanted to make sure what was happening. That was
19 all that I had.

20 **Mary Quillen:** Any other questions from the Board? [No response] You may continue Mr. Scott.

21 **Tim Scott:** Thank you. That's all I have for Mr. Akers.

22 **Mary Quillen:** Are you ready to, oh. I ask for a motion to approve.

23 **Bill Harris:** I'll move for approval of that item.

24 **Butch Lambert:** We don't have to vote.

25 **Rita Surratt:** Second.

26 **Mary Quillen:** Second? Okay, we have a motion and a second. All in favor, respond by saying
27 yes.

28 **Board:** Yes.

1 **Mary Quillen:** Opposed, no? [No response] Any abstentions?

2 **Butch Lambert:** Two abstentions, Mr. Lambert and Mr. Ratliff.

3 **Mary Quillen:** So, noting. All in favor, oh, we've already voted. Thank you. You have approval.

4 **Tim Scott:** Thank you, Madam Chairman.

5 **Mary Quillen:** Sorry.

6 **Butch Lambert:** Thank you, Ms. Quillen.

7 **Item Number 14**

8 **Butch Lambert:** A petition from EnerVest Operating, LLC, to disburse escrow funds to all
9 known owners in Tract 2, pursuant to HB 2058. Docket Number VGOB 99-0720-0737-01. All
10 those wishing to testify, please come forward.

11 **Tim Scott:** Tim Scott and Chuck Akers for EnerVest Operating, LLC.

12 **Butch Lambert:** You may proceed, Mr. Scott.

13 **Tim Scott:** Thank you, Mr. Chairman. Again, Mr. Akers, your name, by whom you're
14 employed, and your job description, please.

15 **Chuck Akers:** My name is Charles T. Akers; my occupation is Land Manager with EnerVest
16 Operating, LLC.

17 **Tim Scott:** And you're familiar with the disbursement request for this unit. Is that correct?

18 **Chuck Akers:** That is correct.

19 **Tim Scott:** And again, what's the basis for this disbursement?

20 **Chuck Akers:** Again, it a final order from Dickenson County Circuit Court. Number CL-16-115.

21 **Tim Scott:** If the application is approved and disbursements are made, will this close the escrow
22 account for this unit?

23 **Chuck Akers:** Yes.

24 **Tim Scott:** Okay. And once the escrow account is disbursed for Tract 2, will these parties then
25 received their royalty checks directly?

26 **Chuck Akers:** Yes.

27 **Tim Scott:** Okay. Have you reconciled EnerVest escrow figures with those of the escrow agent?

1 **Chuck Akers:** Yes.

2 **Tim Scott:** And what were the results of that reconciliation?

3 **Chuck Akers:** To the negative of \$46.84. [Inaudible]

4 **Tim Scott:** And what's the date of that reconciliation?

5 **Chuck Akers:** February 28, 2017.

6 **Tim Scott:** That's all I have for Mr. Akers.

7 **Butch Lambert:** Ms. Quillen, would you also take this one, please? Lambert Land Company to
8 a cousin of mine, of the Chairman.

9 **Mary Quillen:** Okay, are there any questions from the Board?

10 **Bill Harris:** Ms. Chairman, I do have a question about Exhibit J. I believe this is where the
11 deposits indicated, I guess the format is a little different than what we've seen previously. The
12 last page of that, that gives a difference, I notice you're using market value as the comparison
13 there, rather than the bank balance. Is that, for our purposes, is that the same thing? What I'm
14 saying is, I see a total of \$380.64. I presume that's what's been deposited in the account. Then I
15 see ending market value, but the beginning market value is \$427.05. Is there some reason why
16 those aren't closer or the same?

17 **Chuck Akers:** There's another deposit of \$0.43, I think, that adds to that, that gets it up to that
18 \$427.51.

19 **Bill Harris:** Okay, I guess I'm just confused. Is the beginning market value that's what shown by
20 the bank? I mean, I just see two sets of numbers. Like I said, the format is not quite what we've
21 seen from other petitions.

22 **Mary Quillen:** It appears there was \$46.87 difference between what the deposits were and what
23 the bank has.

24 **Bill Harris:** Now that's in parentheses. I'm sorry, did you have a...

25 **Mary Quillen:** No, no. That's...

26 **Bill Harris:** I'm trying to figure out what information we're being given and why there's a
27 difference. Were you able to determine if the bank did not show the same amounts of deposits
28 and the dates? I mean, what I see is a list of, presumably, deposits and it's \$380.64.

29 **Chuck Akers:** Yes, that's our records, what we're showing as deposits.

1 **Bill Harris:** But then the beginning market value. See that to me is confusing because, are you
2 saying this is what the bank is showing as the balance at the same time, or the \$427.51, that's the
3 other \$0.43.

4 **Chuck Akers:** The \$427 is what the bank is showing and what we show is the \$380.

5 **Bill Harris:** See, that's not real clear looking at that, but go ahead.

6 **Mary Quillen:** So, the bank is showing \$46.87 more than what your figure are. Is that correct?

7 **Chuck Akers:** Yes.

8 **Mary Quillen:** Oh, okay.

9 **Tim Scott:** I don't know if this helps the Board, but is disbursed directly to us. We would be the
10 only, EnerVest Operating is receiving these funds.

11 **Bill Harris:** Well, okay, I understand that, but the difference being in parentheses.

12 **Mary Quillen:** Yeah.

13 **Tim Scott:** We'll clarify that with Exhibit J, showing instead of market value, we'll show that
14 ending balance with escrow agent so that's clear for you.

15 **Bill Harris:** Yeah, and again, we don't have to be dictated necessarily by some other companies
16 representation of this, but we've just been accustomed to seeing this information presented a
17 little differently. Almost a month by month, you know the company shows this being deposited,
18 the bank shows this amount being deposited, and then you can sort of tract the discrepancies.

19 **Mary Quillen:** It's like a double entry type system.

20 **Tim Scott:** Well that's fine if we're not having to deal with Wachovia or First Union. I mean,
21 with First Bank it's great, but with the other two banks, as you all remember, Atlas, the difficulty
22 is if we know what those balances are, but if it's available to do the double entry, I'm definitely
23 able to do that, but if it's having to go back to the original escrow agent, it would be an
24 impossible task because their records were so poor.

25 **Bill Harris:** Yes.

26 **Mary Quillen:** Right, right, right.

27 **Chuck Akers:** That generally has been the problem.

28 **Tim Scott:** Yes sir.

1 **Bill Harris:** But I think as you suggested at the end, that's the total according to your records
2 being deposited and then the market value is the bank balance for that account.

3 **Mary Quillen:** I think just clarifying that would certainly...

4 **Tim Scott:** Just identifying it?

5 **Mary Quillen:** Yeah, knowing what the total payments were, your deposits were, and what your
6 ending bank balance is, and that's going to clarify that.

7 **Tim Scott:** Yes ma'am. Okay.

8 **Bill Harris:** Just one other quick comment. I'm sorry, yes, go ahead.

9 **Sarah Gilmer:** I think where the confusion is coming in, Jody at the bank, the language she used
10 on her monthly spreadsheet [inaudible] market value for her balance.

11 **Bill Harris:** Oh, okay.

12 **Sarah Gilmer:** That's where they got their language from, it was off of her spreadsheet.

13 **Bill Harris:** Okay.

14 **Sarah Gilmer:** That means the same thing.

15 **Bill Harris:** Okay, we just need that connection.

16 **Sarah Gilmer:** That's where they got it from.

17 **Bill Harris:** Okay, but one last thing about the difference, again, when I see \$46.87 in
18 parentheses, to me it means that your account is short, and maybe that's just my interpretation.
19 \$46.87 compared to the banks' balance, but...

20 **Mary Quillen:** But actually, the bank is showing more...

21 **Bill Harris:** Showing more.

22 **Mary Quillen:** more than the deposits, which is probably accounted for by interest, if the bank is
23 showing more.

24 **Tim Scott:** More has been the case in the past, they've deposited amounts in the wrong accounts.

25 **Bill Harris:** Yes.

26 **Mary Quillen:** Right.

27 **Bill Harris:** But, I think I'm questioning the word difference and then the difference being
28 negative. I guess...

1 **Mary Quillen:** Yeah.

2 **Bill Harris:** I'm sorry, well, in parentheses. I guess I think of a negative balance is, my
3 checkbook shows \$300.00 and the bank shows \$280.00. So, to me, that would be \$20.00 in
4 parentheses. If the bank shows, you know, I show \$300.00 and they show \$320.00, to me, that
5 would be a positive amount. I guess I'm questioning the use of the parentheses there for the fact
6 that the bank balance is greater than your balance. And, if that's what you want to use, that's
7 fine, it's just a little. I don't know what others think about...am I just.

8 **Sarah Gilmer:** I think the reason they probably did it that way is that the account appears to
9 have an extra \$46.87 for the bank, but on their end, it's...

10 **Bill Harris:** So, it's your point of view?

11 **Rick Cooper:** That is correct, Mr. Harris. They're looking at it at an EnerVest point of view and
12 it's a bit confusing, I guess.

13 **Mary Quillen:** Right. We had this conversation before with other, you know, why is this like
14 this.

15 **Sarah Gilmer:** CNX started doing theirs the opposite way after you all talk to them about that.

16 **Mary Quillen:** Exactly, after we had that conversation.

17 **Sarah Gilmer:** You can sort of look at it and tell there's \$46.87 extra in the account.

18 **Mary Quillen:** Exactly. And now that we understand that ending market value is the same as the
19 bank balance. I think that we all, we have no problem with it.

20 **Bill Harris:** I think we're okay. I was just a little confused about the parentheses there. And I'm
21 sure all of these probably have that difference shown there, but we just have to remember that.

22 **Mary Quillen:** Are there any other questions from the Board?

23 **Tim Scott:** Going forward, we can switch it that way.

24 **Bill Harris:** No, all I'm saying is, well, to me it was just confusing to see that in parentheses
25 because usually when I see it in parentheses, it means that we're short, company wise. We're
26 short of the bank balance, and that's just my, maybe my interpretation of it. And I'm not saying,
27 I'm not sure what I'm asking for there except, again it depends on your point of view. If you're
28 looking at it from EnerVest's point of view, I would think that would be a positive number
29 instead of a negative number. And I'm not arguing that, I'm just saying that it's just a little
30 confusing when I see, because when I look down at the end and see negative, well again, I'm
31 calling it negative because that's generally what the parentheses mean, well again, going
32 forward, I think we'll understand that.

1 **Mary Quillen:** Are there any other questions?

2 **Bill Harris:** I'll leave it alone.

3 **Mary Quillen:** You may continue, Mr. Scott.

4 **Tim Scott:** That's all I have Madam Chairman.

5 **Mary Quillen:** Do I have a motion for approval.

6 **Bill Harris:** I'll make a motion for approval, Ms. Chairman.

7 **Mary Quillen:** Second?

8 **Rita Surratt:** Second.

9 **Mary Quillen:** Second? We have a motion and a second. All those in favor, respond by saying
10 yes.

11 **Board:** Yes.

12 **Mary Quillen:** Opposed, no? [No response] Abstentions?

13 **Donnie Ratliff:** I'll abstain.

14 **Butch Lambert:** Two abstentions, Mr. Lambert.

15 **Mary Quillen:** Two abstentions.

16 **Butch Lambert:** And Ms. Quillen, Lambert Land is in the next one. That's my cousin, so you
17 mind taking Number 15?

18 **Mary Quillen:** Okay, I'll try to stumble through this one a little better. Let me get that pulled up.

19 **Item Number 15**

20 **Mary Quillen:** A petition from EnerVest Operating, LLC, to disburse escrow funds to all known
21 owners in Tract 1, Unit 504660. Docket Number VGOB 01-0918-0926-01. All those wishing to
22 speak to this item, please come forward.

23 **Tim Scott:** Tim Scott and Chuck Akers for EnerVest Operating, LLC.

24 **Mary Quillen:** You may continue.

25 **Tim Scott:** Thank you. Mr. Akers, again, your name, by whom you're employed, and your job
26 description, please.

27 **Chuck Akers:** Charles T. Akers; Land Manager with EnerVest Operating, LLC.

1 **Tim Scott:** And you're familiar with the disbursement request. Is that right?

2 **Chuck Akers:** That is correct.

3 **Tim Scott:** And again, what's the basis for this disbursement?

4 **Chuck Akers:** A final order from Dickenson County Circuit Court. Action Number CL-16-115.

5 **Tim Scott:** And that was the nature of a ownership dispute. Is that correct?

6 **Chuck Akers:** That is correct.

7 **Tim Scott:** Okay, and once this application is approved or if it's approved and disbursements are
8 made, will this escrow account for this unit be closed?

9 **Chuck Akers:** That is correct.

10 **Tim Scott:** Okay. And once the escrow account is disbursed for this particular, will these parties
11 then received their royalty checks directly?

12 **Chuck Akers:** Yes.

13 **Tim Scott:** Okay. Have you reconciled EnerVest account with that of the escrow agent?

14 **Chuck Akers:** Yes. The escrow account is to the positive of \$206.41.

15 **Tim Scott:** Okay, and what's the date of that reconciliation?

16 **Chuck Akers:** February 28, 2017.

17 **Tim Scott:** That's all I have for Mr. Akers.

18 **Mary Quillen:** Any questions from the Board?

19 **Bill Harris:** You know I'm going to have one. Ms. Chairman, let me ask about the, again this is
20 Tract 1, I cannot find Tract 1 on the plat. Could you maybe, I guess you don't have the plat in
21 front of you?

22 **Chuck Akers:** I can walk over.

23 **Bill Harris:** Well, either, yeah, that would work. I'm just trying to find. I think the other two
24 were in yellow, that's what I had asked about earlier.

25 **Chuck Akers:** Well site. It's generally Tract 1. It's located on a, you can see the service tract.
26 Those are on the plan right there. The mineral tract is noted by a different dash line, which is
27 right there.

1 **Mary Quillen:** This is outside the window, correct?

2 **Chuck Akers:** That is correct.

3 **Mary Quillen:** Okay.

4 **Chuck Akers:** Outside the interior window.

5 **Mary Quillen:** I figured that's what it was. Was that tract right up through here, on the side.

6 Right there.

7 **Chuck Akers:** Yeah, this is an older plat.

8 **Mary Quillen:** Okay.

9 **Bill Harris:** Okay, and of course, the other question is about the reconciliation at the end. So,

10 this shows total payments \$32,125.19 and then escrow agent summary, that again is the bank

11 balance, \$32,331.60, which is a difference of \$206, so that shows the...well, now in that case,

12 the bank. It's different from the last one though, right? Cause the last one the excess was shown

13 in parentheses.

14 **Mary Quillen:** Actually, the bank is showing \$206.41 more than your payments.

15 **Chuck Akers:** Right, it's positive. That's why, when the question was asked, it's been escrow

16 accounts to the positive \$206.41.

17 **Bill Harris:** So, this is different than, well, it's the same situation, just not in parentheses. I guess

18 this is, this is what I would, I guess I would expect this to see the number not in parentheses, that

19 indicates that the bank shows more money than you all have deposited, for whatever reason. But,

20 that's why the other one was confusing was because, in that case, the bank showed more than

21 you all had deposited; that difference was in parentheses. You see what I'm saying?

22 **Chuck Akers:** Yeah.

23 **Bill Harris:** So, we may need to just drop the parentheses unless...

24 **Chuck Akers:** Yeah, that's our fault for not being consistent on that.

25 **Bill Harris:** Yeah, yeah, okay.

26 **Mary Quillen:** Well, and this difference, when the bank has more is usually generally attributed

27 to interest.

28 **Tim Scott:** That's typical, isn't it, Mr. Akers?

1 **Chuck Akers:** Yes, ma'am. That's typically. And typically, too, it's the interest plus, as Mr. Scott
2 had said, when the funds were switch between escrow accounts, the accounting sometimes, there
3 was some extra money that comes over, a payment that was missed.

4 **Mary Quillen:** Sure. Right. Any other questions from the Board? [No response] You may
5 continue, Mr. Scott.

6 **Tim Scott:** That's all I have Madam Chairman.

7 **Mary Quillen:** Do I hear a motion for approval?

8 **Bill Harris:** I'll make a motion for approval, Ms. Chairman.

9 **Mary Quillen:** Do I hear a second?

10 **Rita Surratt:** Second.

11 **Mary Quillen:** We have a motion and a second for approval. All those in favor, respond by
12 saying yes.

13 **Board:** Yes.

14 **Mary Quillen:** Opposed, no? [No response] Abstentions?

15 **Donnie Ratliff:** I'll abstain, Madame Chairman.

16 **Butch Lambert:** And I'll abstain, Madame Chairman.

17 **Mary Quillen:** Two abstentions. Mr. Scott, your motion is carried for approval.

18 **Item Number 16**

19 **Butch Lambert:** A petition from EnerVest Operating, LLC, to disburse escrow funds to all
20 known owners in Tract 10. Unit 504659. Docket Number VGOB 02-0521-1030-03. All those
21 wishing to speak to this item, please come forward.

22 **Tim Scott:** Again, Tim Scott and Chuck Akers for EnerVest Operating, LLC.

23 **Mary Quillen:** You may continue.

24 **Tim Scott:** Thank you. Mr. Akers, again, your name, by whom you're employed, and your job
25 description, please.

26 **Chuck Akers:** My name is Charles T. Akers; Land Manager with EnerVest Operating, LLC.

27 **Tim Scott:** And you're familiar with the disbursement request for this unit. Is that correct?

1 **Chuck Akers:** Yes, I am.

2 **Tim Scott:** What's the basis for this disbursement?

3 **Chuck Akers:** A final order from Dickenson County Circuit Court. Action Number CL-16-115.

4 **Tim Scott:** Again, an ownership conflict. Is that correct?

5 **Chuck Akers:** That is correct.

6 **Tim Scott:** Okay, and once this application is approved, will the escrow account for this unit be
7 closed?

8 **Chuck Akers:** No, it will not, we still have some unknowns.

9 **Tim Scott:** Okay, so it will remain open as to that tract. Is that correct?

10 **Chuck Akers:** That's correct, yes.

11 **Tim Scott:** Okay. And once the escrow account is disbursed for this Tract 10, will the parties
12 then receive their royalty checks directly?

13 **Chuck Akers:** That is correct, yes.

14 **Tim Scott:** Now, you've conducted a reconciliation. Is that correct?

15 **Chuck Akers:** That's correct.

16 **Tim Scott:** And what were the results of that reconciliation?

17 **Chuck Akers:** The account was funded to the positive of \$99.44.

18 **Tim Scott:** And that's based on your review of the escrow agent's reconciliation as well. Is that
19 correct?

20 **Chuck Akers:** That's correct.

21 **Tim Scott:** And what's the date of that reconciliation?

22 **Chuck Akers:** October 30, 2015.

23 **Tim Scott:** That's all I have for Mr. Akers.

24 **Mary Quillen:** Any questions from the Board? [No response]

25 **Butch Lambert:** One minute, Ms. Quillen, please.

26 **Mary Quillen:** Just one minute while they are conversing with counsel.

1 **Paul Kugelman, Jr.:** Yeah, I'm still having technology problems still. On the, I guess, Deed
2 Book Number 376, Page 561, it has come to my attention that, I think some of this information
3 needs to be updated. I don't know if you all agree with that. Number 8, specifically.

4 **Bill Harris:** Is this Page 3 that you're looking at, say it's Page #3 at the bottom?

5 **Paul Kugelman, Jr.:** Yes. You understand my question, Mr. Harris?

6 **Bill Harris:** No, I...

7 **Paul Kugelman, Jr.:** Okay.

8 **Bill Harris:** I found, but you're saying...

9 **Paul Kugelman, Jr.:** Make sure you're at the right place.

10 **Bill Harris:** Yes, I'm on that page.

11 **Mary Quillen:** Page 3?

12 **Paul Kugelman, Jr.:** Right. Item Number 8, Lease #241490/T11.

13 **Bill Harris:** T11?

14 **Paul Kugelman, Jr.:** Yes, Pioneer Coal. And is Clinchfield no longer in operation, or Texas, or
15 Pine Mountain? Or Pine Mountain, I guess, is.

16 **Chuck Akers:** That's correct. It's the originally plat submitted with the permit.

17 **Paul Kugelman, Jr.:** Okay, so it's just the original plat, it doesn't reflect the update?

18 **Chuck Akers:** Yes sir.

19 **Paul Kugelman, Jr.:** Okay.

20 **Bill Harris:** Well, and again, since you brought that up, the Charles W. Grizzle heirs are in
21 yellow for Tract 10, and I don't see them referenced anywhere else.

22 **Chuck Akers:** That's the name of the tract that our action involved. EnerVest was successful in
23 quiet tie election to clear up the ownership.

24 **Bill Harris:** I'm sorry, say that again.

25 **Chuck Akers:** That was the tract that the quiet title action was involved with the Grizzle tract,
26 it's the same tract that this person relates to.

27 **Mary Quillen:** That's Tract 10?

1 **Chuck Akers:** Yes ma'am.

2 **Mary Quillen:** Yeah, yeah, I see.

3 **Bill Harris:** It's in yellow and that's the tract that we're disbursing, but...

4 **Mary Quillen:** But they're not listed as...

5 **Bill Harris:** Does there need to be something that connects the Charles Grizzle heirs with the
6 EnerVest? I guess I'm a little confused.

7 **Mary Quillen:** If we're disbursing it...

8 **Bill Harris:** Are we just disbursing Tract 10 here?

9 **Tim Scott:** Yes sir.

10 **Bill Harris:** Okay.

11 **Mary Quillen:** Tract 10.

12 **Paul Kugelman, Jr.:** Right. So, as long as, my thinking is, Mr. Scott, tell me if I'm off here,
13 cause I'm having some serious technology issues and I'm...

14 **Mary Quillen:** Lambert Land and Clinchfield Coal Company/Resource Company and then the
15 Charles W. Grizzle heirs, but there's nothing on the disbursement to anyone except EnerVest.

16 **Tim Scott:** EnerVest was determined to be the owner of the tract.

17 **Paul Kugelman, Jr.:** Tract 10.

18 **Tim Scott:** And they're entitled to the disbursement. Yes ma'am. So the litigation that was
19 involved was just a quiet title as to the claim by Grizzle, who was originally force pooled
20 because of their adverse claim. They're not entitled to receive these royalty payments. EnerVest
21 is, based on the ruling of Dickenson Circuit Court.

22 **Mary Quillen:** Okay.

23 **Tim Scott:** So, they would not be listed as any party that, they wouldn't even be listed at all
24 anymore.

25 **Mary Quillen:** Oh, okay. So, this was a court order?

26 **Tim Scott:** Yes ma'am.

27 **Mary Quillen:** Oh.

28 **Paul Kugelman, Jr.:** Yeah, and it's part of the petition too. I'm looking at it.

1 **Tim Scott:** Yes, it is.

2 **Paul Kugelman, Jr.:** Thank you. So, by operation of the order now, I don't have time to pick
3 through it, the respondents in the case, or the defendants in the case, lost.

4 **Tim Scott:** Yes sir. That's correct.

5 **Paul Kugelman, Jr.:** And the court deemed that EnerVest and the different entities listed as
6 plaintiffs, whatever permutations there are of that, but EnerVest is the gas owner here?

7 **Tim Scott:** Yes sir, that's correct.

8 **Paul Kugelman, Jr.:** Okay. So, hence, the petition for disbursement?

9 **Tim Scott:** Yes sir.

10 **Paul Kugelman, Jr.:** On Tract 10?

11 **Tim Scott:** Yes sir.

12 **Paul Kugelman, Jr.:** Thank you for clearing that up. I apologize.

13 **Tim Scott:** That's alright. That's fine.

14 **Mary Quillen:** I thought you said that it was a court order when you verbalized the court order
15 number.

16 **Chuck Akers:** Yes ma'am. That's the CL-16-115. That's the court order number.

17 **Mary Quillen:** Any other questions from the Board? [No response] You may continue, Mr.
18 Scott.

19 **Tim Scott:** That's all I have on this matter, Madam Chairman.

20 **Mary Quillen:** Do I hear a motion for approval?

21 **Bill Harris:** Motion for approval.

22 **Mary Quillen:** Second?

23 **Rita Surratt:** Second.

24 **Mary Quillen:** We have a motion and a second for approval. All those in favor, respond by
25 saying yes.

26 **Board:** Yes.

27 **Mary Quillen:** Opposed, no? [No response] Abstentions?

1 **Donnie Ratliff:** I'll abstain, Madam Chair.

2 **Butch Lambert:** I'll abstain, Madam Chair.

3 **Mary Quillen:** Two abstentions. You have approval.

4 **Tim Scott:** Thank you, Madam Chairman.

5 **Item Number 17**

6 **Butch Lambert:** A petition from EnerVest Operating, LLC, to distribute escrow funds to all
7 known owners in Tract 4, pursuant to HB 2058. Unit 536086. Docket Number VGOB 06-1219-
8 1838-02. All parties wishing to testify to this item, please come forward.

9 **Tim Scott:** Tim Scott and Chuck Akers for EnerVest Operating, LLC.

10 **Mary Quillen:** You may continue.

11 **Tim Scott:** Thank you, Madam Chairman. Mr. Akers, again, your name, by whom you're
12 employed, and your job description.

13 **Chuck Akers:** My name is Charles T. Akers, Land Manager with EnerVest Operating, LLC.

14 **Tim Scott:** And you're familiar with the disbursement request. Is that correct?

15 **Chuck Akers:** That is correct.

16 **Tim Scott:** And again, what's the basis for this disbursement?

17 **Chuck Akers:** Final order issued by the Dickenson County Circuit Court. Number CL-16-115.

18 **Tim Scott:** If the Board approves our application and disbursements are made, will the escrow
19 account for this unit be closed?

20 **Chuck Akers:** That is correct.

21 **Tim Scott:** Okay. And once the escrow account is disbursed for Tract 4, will the parties then
22 receive their royalty checks directly?

23 **Chuck Akers:** That is correct. Yes.

24 **Tim Scott:** And you have you reconciled the escrow agents reconciliation with yours. Is that
25 right?

26 **Chuck Akers:** That is correct.

27 **Tim Scott:** And what were the results of that reconciliation?

1 **Chuck Akers:** The account had been funded to the positive of \$51.45. And on Exhibit J, it was
2 labeled as ending market value also. That's the final bank balance.

3 **Tim Scott:** There's \$51 more in the bank than the escrow agent's account?

4 **Chuck Akers:** That's correct.

5 **Tim Scott:** Okay. And what's the date of that reconciliation?

6 **Chuck Akers:** February 28, 2017.

7 **Mary Quillen:** Question on that. It says total payments. That was your deposits, was \$3,080.32,
8 but the bank is only showing a balance of \$3,028.87, which means the bank is shorter. So that
9 would be a negative, wouldn't it?

10 **Chuck Akers:** Yes, that's correct, it is to the negative \$51.45.

11 **Mary Quillen:** Yes, because the bank...\$51.45.

12 **Tim Scott:** I said that in error.

13 **Mary Quillen:** Okay.

14 **Bill Harris:** So, but again, speaking to the way it's presented, the other difference was, you all
15 had more than the bank, so this would be in parentheses then. Is that correct? This one should
16 be?

17 **Mary Quillen:** Yes, if you're looking at it from the point of view of...

18 **Bill Harris:** So, two items ago, or three, when I first brought the question up, that one needed not
19 to be in parentheses and this one needs to be in parentheses, and that would make everything
20 consistent so that if you all showed more money than the bank did, that would be a positive, a
21 negative balance? See, I'm confusing myself now.

22 **Chuck Akers:** Yes, it should be shown in parentheses.

23 **Bill Harris:** It should be shown in parentheses? The \$51.45 should be in parentheses?

24 **Mary Quillen:** Because there's less in the bank than the deposits that you show.

25 **Bill Harris:** For this item. But that first item that we were presented that had it in parentheses,
26 does not need to show it in parentheses. Then that way, everything is consistent.

27 **Rick Cooper:** Ms. Chairman, if I could, I guess I'm seeing the confusion. It would be good if
28 EnerVest would agree to do it a certain way in the future so we won't have this confusion. I think
29 is what's creating the problem.

1 **Paul Kugelman, Jr.:** CNX had this problem earlier, too, right? We've dealt with this before.

2 **Rick Cooper:** They did and they've color-coded theirs. They took, any negative is red and if it's
3 in parentheses, it's negative to the bank. That's the way CNX does that. So, they're looking at it
4 perceptively different. It's be great, as we move forward, that we could agree on what we're
5 going to look at, to avoid the confusion.

6 **Mary Quillen:** Alright, yes.

7 **Chuck Akers:** We're fine with that.

8 **Rick Cooper:** Fine on what?

9 **Chuck Akers:** Showing it that way; in parentheses if it was under-funded, you know, showing it
10 as a negative; and then showing it as a positive, if there's more in the account.

11 **Rick Cooper:** So, you're speaking from the bank perspective? Moving forward, if it is a
12 negative for the bank, you'll have that in parentheses. Is that correct?

13 **Chuck Akers:** That's correct.

14 **Rick Cooper:** And if it does not have parentheses, it's a positive to the bank?

15 **Chuck Akers:** Correct, yes. We'll do that, going forward.

16 **Rick Cooper:** Thank you.

17 **Mary Quillen:** Okay, I think that will clarify everything for everybody. Any other questions
18 from the Board?

19 **Bill Harris:** I do have one other comment; and again, I think this is similar to, if we'll go to the
20 first page of petition and what's being factual basis for relief requested, petition to disburse funds
21 to all unknown owners of Tract 4 given the docket item, pursuant to HB2058 and CL-16-115.
22 The CL-16-115, that refers to a court order?

23 **Tim Scott:** Yes sir.

24 **Bill Harris:** Okay, and the court order basically denied the ownership to the folks we have listed,
25 the Charles Grizzle heirs, and gave that to EnerVest.

26 **Tim Scott:** Correct.

27 **Bill Scott:** Is that correct?

28 **Tim Scott:** Yes, that's correct.

1 **Bill Harris:** The thing that, I guess, is kind of confusing, if I didn't have that information, and
2 that's why I asked the question before, I'm wondering if it would be too much trouble to put a
3 statement in saying what the result of that court case, I don't know if we normally do that, but if I
4 just received this piece of paper and was reading over it, I would have the same question as I've
5 just asked; Charles Grizzle heirs shows the ownership but we're paying money to EnerVest.

6 **Tim Scott:** Well, that can be done, Mr. Harris.

7 **Bill Harris:** And I'm just saying that yes you reference a court order, but we don't have that
8 court order in front of us.

9 **Tim Scott:** What we'll do from this point on, with Mr. Akers permission...

10 **Bill Harris:** Is it in there? Where did I miss...

11 **Tim Scott:** We actually attached a copy of the order to the petition.

12 **Bill Harris:** Did I not go far enough? I may stand to be corrected. Oh, okay, at the end.

13 **Paul Kugelman, Jr.:** That way when people read it, they're like "oh, okay".

14 **Bill Harris:** Yeah, okay.

15 **Paul Kugelman, Jr.:** I understand what you mean.

16 **Bill Harris:** I'm a simple person. It just would have been nice, up front, to say the result of this
17 give ownership to EnerVest, because, well, okay. I guess I didn't ready far enough.

18 **Tim Scott:** That's simple enough to do, Mr. Harris. That's not a problem, we can do that.

19 **Bill Harris:** I just think that, and maybe I'm just, like I said, I'm a simple person. Maybe it's
20 being too obvious.

21 **Tim Scott:** I like Reader's Digest versions too.

22 **Bill Harris:** Well, it's just nice to know. Okay.

23 **Tim Scott:** That will work. We'll do that.

24 **Bill Harris:** That's, anyway, I'm done questioning you now. Thank you.

25 **Mary Quillen:** Thank you, Mr. Scott. Any other questions? [No response] You may continue.

26 **Tim Scott:** That's all I have for Mr. Akers, on this matter.

27 **Mary Quillen:** Do I hear a motion for approval.

1 **Bill Harris:** I'll move to approve the corrections to the different bank balances and EnerVest's
2 differences that we discussed earlier.

3 **Tim Scott:** The revised Exhibit J then, Mr. Harris?

4 **Bill Harris:** Revised Exhibit J. Yes.

5 **Tim Scott:** We can do that.

6 **Mary Quillen:** Okay, we a motion with the revised Exhibit J and a second. All those in favor,
7 respond by saying yes.

8 **Board:** Yes.

9 **Mary Quillen:** Opposed, no? [No response] Abstentions?

10 **Donnie Ratliff:** I'll abstain, Madam Chair.

11 **Butch Lambert:** I'll abstain.

12 **Mary Quillen:** Two abstentions. Your motion is approved.

13 **Item Number 18**

14 **Butch Lambert:** A petition from EnerVest Operating, LLC, to disburse escrow funds to all
15 known owners in Tract 3, pursuant to HB 2058 and pursuant to Final Order CL-16-115. Unit
16 505214. Docket Number VGOB 07-0821-1990-01. All those wishing to speak to this item,
17 please come forward.

18 **Tim Scott:** Tim Scott and Chuck Akers for EnerVest Operating, LLC.

19 **Butch Lambert:** You may continue.

20 **Tim Scott:** Thank you, Mr. Akers, your name, by whom you're employed, and your job
21 description again, please.

22 **Chuck Akers:** My name is Charles T. Akers; Land Manager with EnerVest Operating, LLC.

23 **Tim Scott:** And you're familiar with this petition to disburse from the escrow account. Is that
24 right?

25 **Chuck Akers:** That is correct. Yes.

26 **Tim Scott:** And what's the basis for this disbursement?

27 **Chuck Akers:** A final order from Dickenson County Circuit Court. Action Number CL-16-115.

1 **Tim Scott:** Once this application is approved and disbursements are made from the escrow
2 account, will this escrow account be closed for this unit?

3 **Chuck Akers:** Yes.

4 **Tim Scott:** Okay. And once the escrow account is disbursed for this tract, will the parties then
5 received their royalty checks directly?

6 **Chuck Akers:** That is correct. Yes.

7 **Tim Scott:** Okay. Have you reconciled EnerVest escrow account figures with those of the
8 escrow agent?

9 **Chuck Akers:** Yes.

10 **Tim Scott:** And what were the results of that reconciliation?

11 **Chuck Akers:** A negative of \$17.84. The escrow agent was showing \$1,716.72 and we were
12 showing a total payment of \$1,698.88.

13 **Tim Scott:** So, the bank is showing less than or more than EnerVest, or is it the other way
14 around?

15 **Chuck Akers:** The bank is showing more.

16 **Tim Scott:** What was the date of that reconciliation?

17 **Chuck Akers:** February 28, 2017.

18 **Tim Scott:** That's all I have for Mr. Akers.

19 **Mary Quillen:** Are there any questions from the Board?

20 **Bill Harris:** So, we decided to keep the parentheses or not? Again...

21 **Tim Scott:** I think if there's a negative with the bank, then that's going to be in parenthetical,
22 and then, otherwise, it will show to the positive. If there's less money with the escrow agent,
23 then, is that what we agreed to or am I just messing this up?

24 **Paul Kugelman, Jr.:** That's correct.

25 **Mary Quillen:** So, this will just need to have the revised Exhibit J, taking the parentheses away,
26 right?

27 **Bill Harris:** Is that what...okay.

1 **Mary Quillen:** Are there any other questions from the Board? [No response] Do I hear a motion
2 for approval?

3 **Bill Harris:** I'll make a motion for approval, with the revised Exhibit J.

4 **Mary Quillen:** Second?

5 **Rita Surratt:** Second.

6 **Mary Quillen:** We have a motion and a second for approval, with the revised Exhibit J. All
7 those in favor, respond by saying yes.

8 **Board:** Yes.

9 **Mary Quillen:** No? [No response] Abstain?

10 **Donnie Ratliff:** I'll abstain, Madam Chair.

11 **Butch Lambert:** I'll abstain, Madam Chair.

12 **Mary Quillen:** Two abstentions. The motion is approved.

13 **Butch Lambert:** Thank you, Ms. Quillen.

14 **Item Number 19**

15 **Butch Lambert:** A petition from EnerVest Operating, LLC, to disburse escrow funds to all
16 known owners in Tracts 5 and 6, pursuant to Final Order of court listed in the petition. This is
17 Docket Number VGOB 08-0617-2258-01. All those wishing to speak to this, please come
18 forward.

19 **Tim Scott:** Tim Scott and Chuck Akers for EnerVest Operating, LLC.

20 **Butch Lambert:** You may proceed, Mr. Scott.

21 **Tim Scott:** Thank you, Mr. Chairman. One more time Mr. Akers, where do you work and what
22 do you do.

23 **Chuck Akers:** My name is Charles T. Akers; Land Manager with EnerVest Operating, LLC.

24 **Tim Scott:** And you're familiar with this disbursement request. Is that correct?

25 **Chuck Akers:** That is correct.

26 **Tim Scott:** And what's the basis for this disbursement?

27 **Chuck Akers:** A final order from Dickenson County Circuit Court. Number CL-16-115.

1 **Tim Scott:** And that order was attached to our application or petition. Is that right?

2 **Chuck Akers:** That's correct.

3 **Tim Scott:** Once this application is approved and disbursements are made, will that close the
4 escrow account for this unit?

5 **Chuck Akers:** No, there will still be some unknowns.

6 **Tim Scott:** Okay. Once the escrow account is disbursed for Tracts 5 and 6, will the royalty
7 payments be made directly to those parties going forward?

8 **Chuck Akers:** That is correct.

9 **Tim Scott:** Okay. Have you reconciled EnerVest escrow account with that of the escrow agent?

10 **Chuck Akers:** Yes.

11 **Tim Scott:** And what were the results of that reconciliation?

12 **Chuck Akers:** We were showing payments made of \$5,166.90 and the bank having a balance of
13 \$5,256.11 for a difference of \$89.21, that was over-funded. Or the bank shows a positive of
14 \$89.21.

15 **Tim Scott:** What was the date of that reconciliation?

16 **Chuck Akers:** February 28, 2017.

17 **Tim Scott:** That's all I have for Mr. Akers.

18 **Mary Quillen:** Any questions from the Board?

19 **Bill Harris:** Yes, Exhibit J again, at the very end, the labeling is different than the other items.
20 This says difference \$5,166.90, and then the next line does not have a label, and then the third
21 line has the \$89.21 in parenthesis, which I assume going forward, when corrected, the
22 parentheses will be removed.

23 **Tim Scott:** To the positive.

24 **Chuck Akers:** We'll go back through.

25 **Bill Harris:** Yeah, we'll need to correct that language there. The difference, that's not really the
26 difference.

27 **Mary Quillen:** It should be deposits.

28 **Chuck Akers:** Yes, it should be deposits.

1 **Bill Harris:** And then the bank balance.

2 **Mary Quillen:** And then the bank balance. Yeah.

3 **Chuck Akers:** That's correct.

4 **Bill Harris:** And then the difference, yeah. Okay.

5 **Butch Lambert:** Any other questions? [No response] Anything further, Mr. Scott?

6 **Tim Scott:** That's all I have for Mr. Akers.

7 **Butch Lambert:** Do I have a motion?

8 **Mary Quillen:** Motion to approve with the corrected Exhibit J.

9 **Bill Harris:** I'll second that.

10 **Butch Lambert:** I have a motion and I have a second. Any further discussion? All if favor,

11 signify by saying yes.

12 **Board:** Yes.

13 **Butch Lambert:** Opposed no? [No response]

14 **Donnie Ratliff:** I'll abstain, Mr. Chairman.

15 **Butch Lambert:** One abstention, Mr. Ratliff. Thank you, Mr. Scott. That is approved.

16 **Tim Scott:** Thank you.

17 **Item Number 20**

18 **Butch Lambert:** A petition from EnerVest Operating, LLC, to disburse escrow funds to all

19 known owners in Tract 5, pursuant to the court order listed in the petition. Docket Number

20 VGOB 081021-2361-01. All parties wishing to testify, please come forward.

21 **Tim Scott:** Tim Scott and Chuck Akers for EnerVest Operating, LLC.

22 **Butch Lambert:** You may proceed, Mr. Scott.

23 **Tim Scott:** Thank you, Mr. Chairman. Mr. Akers, one more time, your name, by whom you're

24 employed, and your job description.

25 **Chuck Akers:** My name is Charles T. Akers; my occupation is Land Manager. I'm with

26 EnerVest Operating, LLC.

27 **Tim Scott:** And you're familiar with this application. Is that correct?

1 **Chuck Akers:** That is correct.

2 **Tim Scott:** And what's the basis for this disbursement in this matter?

3 **Chuck Akers:** A final order from Dickenson County Circuit Court. Number CL-16-115.

4 **Tim Scott:** And a copy of that order is attached in the petition. Is that correct?

5 **Chuck Akers:** That is correct.

6 **Tim Scott:** And once the application is approved and disbursements are made, will the escrow
7 account for this unit be closed?

8 **Chuck Akers:** That is correct. Yes.

9 **Tim Scott:** Okay. And once the escrow account is disbursed for this tract, going forward, will
10 those payments be made directly to the royalty owners?

11 **Chuck Akers:** That is correct. Yes.

12 **Tim Scott:** Okay. Have you reconciled EnerVest account with those figures of the escrow agent?

13 **Chuck Akers:** Yes. We're showing \$160,389.78 in payments made to the bank, and the escrow
14 account has \$160,477.33, for a difference of \$87.55.

15 **Tim Scott:** What was the date of that reconciliation?

16 **Chuck Akers:** February 28, 2017.

17 **Tim Scott:** That's all I have for Mr. Akers.

18 **Butch Lambert:** Any other questions?

19 **Bill Harris:** Mr. Chairman, again, I guess we should note that the difference in showing in
20 parentheses and that needs to be corrected to show without the parentheses, since the escrow
21 account was greater than the total payments. I think that the agreed upon representation.

22 **Paul Kugelman, Jr.:** If the bank shows more, it should not be in parentheses.

23 **Tim Scott:** That is correct.

24 **Bill Harris:** Yes. So that needs to be corrected.

25 **Tim Scott:** That Exhibit J will be revised and will be resubmitted.

26 **Bill Harris:** Without the parentheses. I think that's the only...

27 **Tim Scott:** Yes sir.

1 **Butch Lambert:** Any other questions? [No response] Anything further, Mr. Scott?
2 **Tim Scott:** That's all I have, Mr. Chairman, for this matter.
3 **Butch Lambert:** Do I have a motion?
4 **Mary Quillen:** Motion to approve with the revised Exhibit J.
5 **Bill Harris:** Second.
6 **Butch Lambert:** I have a motion and I have a second. Any further discussion? All in favor,
7 signify by saying yes.
8 **Board:** Yes.
9 **Butch Lambert:** Opposed no? [No response]
10 **Donnie Ratliff:** I'll abstain, Mr. Chair.
11 **Butch Lambert:** And I abstain. Two abstentions. Thank you, Mr. Scott. That is approved.
12 **Tim Scott:** Thank you.
13 **Butch Lambert:** Folks, appreciate it today.

14 **Item Number 21**

15 **Butch Lambert:** Okay, the next item on the agenda is the Board will receive an update of Board
16 and Division activities from the staff. Mr. Cooper.
17 **Rick Cooper:** Yes, I would just like to update the Board on the disbursement totals that we have.
18 So, for Fiscal Year 2017, July 1st of last year until current, there's been \$4,939,797.00. And since
19 the coal dismissal legislation has been approved, there has been \$11,918,053.00 disbursed and
20 over 200 accounts closed. That's all I have to report. Since this, we've had a lot of partial
21 accounts but there have been over 200 accounts closed since the coal dismissal legislation was
22 approved.
23 **Paul Kugelman, Jr.:** Out of how many?
24 **Rick Cooper:** 1,200.
25 **Butch Lambert:** Okay. Anything further?
26 **Rick Cooper:** That is all I have to report.

Item Number 22

- 1
- 2 **Butch Lambert:** Okay, the next item is approval of the April minutes. Do I have any additions
- 3 or corrections of the April minutes? If not, I'll entertain a motion?
- 4 **Donnie Ratliff:** Move to accept the minutes as presented, Mr. Chairman.
- 5 **Bill Harris:** Second.
- 6 **Butch Lambert:** All in favor, signify by saying yes.
- 7 **Board:** Yes.
- 8 **Butch Lambert:** Opposed no? Those are approved. I'll entertain a motion to dismiss.
- 9 **Mary Quillen:** Motion to dismiss.
- 10 **Bill Harris:** Second.
- 11 **Butch Lambert:** All in favor, signify by saying yes.
- 12 **Board:** Yes.
- 13 **Butch Lambert:** Opposed no? We are dismissed.